

SENATE.

FRIDAY, October 16, 1914.

(Legislative day of Thursday, October 8, 1914.)

The Senate reassembled at 11 o'clock a. m., on the expiration of the recess.

THE FOREIGN SERVICE.

Mr. STONE. Mr. President, there was passed by the Senate last night the bill (S. 5614) for the improvement of the foreign service. I find the last section provides that the act shall take effect on the 30th day of September, 1914. I move to reconsider the votes by which the bill was ordered to a third reading and passed.

The motion to reconsider was agreed to.

The VICE PRESIDENT. The bill is in the Senate and open to amendment by unanimous consent.

Mr. STONE. On page 7, lines 17 and 18, I move to strike out the words "30th day of September, 1914," and to insert "day of its approval by the President."

The amendment was agreed to.

The bill was ordered to a third reading, read the third time, and passed.

THE COTTON CROP.

Mr. SMITH of Georgia. Mr. President, upon the same line as my remarks of yesterday with reference to the amendment offered to the tax bill on the cotton question, I send to the desk and desire to have read a cablegram sent day before yesterday from Manchester, England, by Sir Charles Macara. I do this because, as I mentioned yesterday, he is the president of the International Federation of Cotton Spinners and Manufacturers' Association, and because there is probably no one more thoroughly informed upon the cotton-manufacturing problem.

I send his cablegram to be read to emphasize the statement which I made yesterday that the best students of the cotton-manufacturing side of this problem are of the opinion that the trade in manufactured products is demoralized to-day by reason of the condition of the trade in lint cotton, and that in the interest of the manufacturer almost as much as in the interest of the cotton producer action upon this subject is required.

The VICE PRESIDENT. Is there any objection? The Chair hears none, and the Secretary will read.

The Secretary read as follows:

MANCHESTER, ENGLAND, October 14, 1914.

Col. ROBERT M. THOMPSON,
43 Exchange Place, New York, N. Y.:

Heartily support scheme for establishment of cotton reserve, which since war began I have been urging British and American Governments to take up. Scheme, to be effective, must embrace cotton crop of the world, England being responsible for Indian and Egyptian crops, representing about one-third world's crop, and America two-thirds. England possesses 40 per cent of the cotton machinery of the world and America about 20 per cent. Both Governments are vitally interested in preventing further serious losses to growers, cotton merchants, spinners, manufacturers, operatives, and distributors of cotton goods. Stable price of 9 cents would do this. Cotton organizations, either national or international, could not cope with situation, which can only be dealt with by cooperation of two Governments named, guaranteeing minimum price through ordinary commercial channels, with restrictions as to maximum to guard against gambling. Such guaranty would probably result in confidence being restored all around, which is so urgently needed.

CHARLES W. MACARA.

Mr. SMITH of Georgia. I desire to read a few lines from a letter by Col. Thompson, written to me on yesterday in connection with sending me the copy of the cablegram which has been read. It says:

I inclose a copy of Sir Charles's reply.

It is of enormous importance that some steps should be taken to gather up the surplus cotton of this year's crop, and that the world should know that this is being done. There is plenty of time to do it, if once the world knows that it is being done.

From the standpoint of the spinner Sir Charles thinks that 9 cents is a fair price. From the producers' standpoint I think that 12 cents is a fair price; but, perhaps, under the circumstances a compromise at 10½ cents might be reached.

Mr. President, I send to the desk and wish to have read an extract from a telegram from the former president of the Chamber of Commerce of the City of Atlanta and now president of the largest life insurance company, I think, in the State of Georgia.

The VICE PRESIDENT. Is there objection? The Chair hears none. The Secretary will read.

The Secretary read as follows:

ATLANTA, GA., October 15.

Hon. HOKE SMITH,
United States Senate, Washington, D. C.:

Kindly mail me copy of proposed rider to emergency act authorizing financing of cotton crop. What are possibilities of enactment by Congress? Your measure means immediate restoration of normal conditions throughout South.

WILMER L. MOORE.

Mr. SMITH of Georgia. I wish also to have read a short extract from a letter to me received this morning from a tobacco manufacturer and seller. I present it to show the view of this problem of one interested in the manufacture of tobacco.

The VICE PRESIDENT. The Secretary will read.

The Secretary read as follows:

I am writing to different sections of the country asking my friends in different States to urge their Senators and Congressmen to support earnestly any bill which Senator HOKE SMITH and his associates will approve looking to the enactment of such legislation as will insure the United States getting a price for her cotton above the cost of production, which will insure a continuation of the balance of trade in our favor as against all other Governments. I am taking the position that if we protect cotton, which is our leading export commodity, we have taken care of the big engine which gives vigor and vitality to all commercial interests throughout this entire Government. The tobacco interests should withdraw in favor of cotton, for if cotton brings a good price every other interest is indirectly thereby protected.

THE COTTON SITUATION IN THE SOUTH.

Mr. THOMAS. Mr. President, I have been requested by the senior Senator from Alabama [Mr. BANKHEAD] to ask permission to have read into the RECORD a letter bearing date the 13th of October, by Mr. W. P. G. Harding, a member of the Federal Reserve Board, addressed to certain papers in Alabama and in approval of Senator BANKHEAD's method of relieving the cotton situation. I ask that it be read.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the Secretary will read.

The Secretary proceeded to read the letter.

Mr. SIMMONS. Mr. President, I understand that that is rather a lengthy document, and I ask that it be printed in the RECORD without reading.

The VICE PRESIDENT. Is there objection to its being read?

Mr. SIMMONS. I object; and ask that it be printed in the RECORD.

The VICE PRESIDENT. The question is, Shall the letter be read? [Putting the question.]

Mr. SIMMONS. I shall make no point about it.

The VICE PRESIDENT. The ayes have it, and the letter will be read.

The Secretary resumed and concluded the reading of the letter, which is as follows:

WASHINGTON, D. C., October 13, 1914.

Birmingham Age-Herald, Montgomery Advertiser, Mobile Register, and other Alabama papers:

Many plans have been suggested and some facilities provided by means of temporary loans on cotton for tiding over the situation in the South, which is now becoming acute, but this, to my mind, does not afford the real solution of the problem, as such loans only pyramid the liability and postpone the day of reckoning. What is really needed is a market, and as there is no adequate natural market for the time being, the question reverts to the possibility of creating an artificial market. Attempts have been made to create such a market through the National Government, but it is clearly impossible, both from a legal standpoint and for the practical reasons set forth by Senator BANKHEAD in his address to the people of Alabama, for the Government of the United States to aid either as a purchaser of cotton or as a lender upon it as security. Much valuable time has been lost in pursuing this phantom hope, and the sooner our people abandon the chase the better. If anything is to be done toward creating an artificial market, such action must be taken by the Southern States for themselves.

The objection has been raised that owing to the length of time involved in amending the constitutions of many of the cotton-producing States concerted action is not possible, and that it will be impracticable for any State to proceed alone. I was at first inclined to this opinion, but upon a more thorough analysis of the situation I have become convinced that Senator BANKHEAD is correct in his statement that the people of Alabama have it within their power to conserve the value of cotton produced within the State, thereby averting disaster, as far as they themselves are concerned. Our people had been looking forward to an era of great prosperity this fall, and their expectations were about to be realized when the terrific war in Europe broke out, which has resulted in a world-wide paralysis of trade and derangement of credit. Under ordinary circumstances the farmers of Alabama would have realized about \$100,000,000 this season from their cotton crop, out of which would have been paid debts due within and without the State of probably \$60,000,000, leaving a surplus of about \$40,000,000 to represent the margin of prosperity. Nature has been bountiful, but man-made conditions are adverse, and it is doubtful if the natural market for cotton in our State is broad enough to liquidate the obligations incurred in producing the crop.

Senator BANKHEAD's plan does not provide for any new or additional indebtedness, but seeks to change the form of liabilities already incurred by converting individual debts into obligations of the State. When he proposes that the State of Alabama purchase one-half of all the cotton grown within her borders at a price representing what is probably the average cost of production—10 cents per pound—and that payment be made by an issue of 4 per cent bonds, payable on or before three years after date, he points out the way to establish an artificial market by means of which the cotton surplus in Alabama can be carried over beyond the danger point, and he has, in my opinion, suggested the most practicable way of securing immediate and effective relief. There are many details, of course, connected with the plan that should be carefully worked out. Due consideration should be given to the proper grading and warehousing of the cotton. Care should be taken that the means provided for the payment of interest on the cotton bonds as long as they may be outstanding and for the expense incident to storing this large amount of cotton—approximately 800,000 bales—should be adequate. The small bonds or notes, in denominations of \$10, \$20, and \$50, are not to be interest bearing, but are intended to

discharge local debts, and are to be convertible in sums or multiples of \$1,000 into 4 per cent cotton bonds of the State. I entertain no doubt whatever that under a proper administration of the plan, if adopted, that these notes would readily be accepted at par in settlement of local obligations, and that the bonds into which they can be converted would also be taken anywhere without discount in satisfaction of debts due by Alabama merchants. This is not altogether a surmise, for I have taken occasion to ask jobbers and bankers in various sections of the country for their views, and I do not believe that any creditor of an Alabama farmer or merchant would hesitate to take these Alabama cotton bonds in liquidation of obligations, for in most cases the only security they now have is the equity in the cotton in the hands of thousands of individual holders, for which there is practically no cash market. This apparent purchase of cotton by the State would be really a mobilization of debts, a concentration of assets, and the State would be merely lending its credit on this cotton security to the thousands of its own citizens who have produced its great cotton crop, thereby facilitating liquidation in an orderly manner. It should be noted that Senator BANKHEAD's plan provides that the whole cost of this transaction, including bond interest, sinking fund, and carrying charges, shall be borne by those directly benefited—the cotton farmers—so that all other interests in the State will receive the great indirect benefits without any expense to themselves.

Action by Alabama alone involves, of course, the purchase of a greater proportion of its own crop than would have been necessary had joint action been taken by 9 or 10 of the cotton-producing States; but it should be remembered that a bond issue of Alabama alone would be much smaller than the aggregate of bonds issued by several States would have been, and the smaller issue would be, therefore, the more readily absorbed.

The execution of this or any other plan to relieve the situation will require the adoption of a constitutional amendment, which must first be submitted by the legislature of the State and adopted by a majority vote of the people. Under the law about two months must elapse between the date of submission and the election. It is clear that action at the regular session in January next would be too late, and that if any relief is to be had, it is imperative that the governor call an extra session of the legislature at once.

It must be understood that this letter is not written in any official capacity, nor must it be construed as an expression of the views of anyone but myself; it is solely an expression of my individual opinion and is just what I would have written had I remained in Birmingham. As a citizen of Alabama, for many years engaged in the banking business in the State, I feel that I am familiar with the local situation and that I am entitled to an opinion.

Gov. O'Neal has now a tremendous responsibility and a great opportunity; an extraordinary occasion certainly exists; and I strongly urge that he call the legislature together at once to consider this cotton problem. Each day's delay means additional loss to the farmers and business men of Alabama.

W. P. G. HARDING.

SALE OF POISON IN CHINESE CONSULAR DISTRICTS.

Mr. SMITH of Michigan. From the Committee on Foreign Relations I report back unanimously the bill (S. 6631) to regulate the practice of pharmacy and the sale of poison in the consular districts of the United States in China, and I submit a report (No. 821) thereon.

I also send to the desk certain information bearing upon the subject, and ask that it may be printed with the report for the use of the Senate.

The VICE PRESIDENT. The bill will be placed on the calendar; and in the absence of objection, the memoranda will be printed with the report of the committee.

Mr. SMITH of Michigan. Mr. President, if I may have the consent of the Senator from North Carolina [Mr. SIMMONS], I should like to ask for the present consideration and passage of the bill. The Senate has passed a similar bill, but there has been no concurrent action by the two Houses.

Mr. SIMMONS. What is the bill? I was not listening at the moment.

Mr. SMITH of Michigan. It is the bill to regulate the sale of opium through ports in China where the United States has extra-territorial jurisdiction. Those of us on the committee are very familiar with the provisions of the bill. If there is no objection, I should like to have immediate consideration.

Mr. SIMMONS. Has the bill been reported by a committee?

Mr. SMITH of Michigan. It is a unanimous report of the committee.

Mr. SIMMONS. If there is to be no discussion—

Mr. SMITH of Michigan. There will be no discussion, so far as I am concerned.

Mr. SIMMONS. I will agree to the consideration of the bill.

Mr. THOMAS. Mr. President, I should like to inquire of the Senator from Michigan whether the legislation which we enacted last winter to make effective treaty regulation upon the subject does not cover this matter?

Mr. SMITH of Michigan. No, Mr. President; the legislation pending in the Committee on Finance is of a different character.

Mr. THOMAS. I do not have reference to that. Last winter Congress passed two short bills designed to apply to the traffic in these prohibited drugs between this country and countries which had adopted similar treaty regulations, providing both against their export and import either to or from those countries, except under the conditions for which those two short statutes provided.

Mr. SMITH of Michigan. The committee does not think that this matter is in conflict at all with the legislation to which the Senator from Colorado refers.

Mr. THOMAS. Then I see no objection to the bill, but it occurred to me that the matter might have been already provided for.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill, which was read, as follows:

Be it enacted, etc., That on and after the 1st day of January, 1915, it shall be unlawful in the consular districts of the United States in China for any person whose permanent allegiance is due to the United States not licensed as a pharmacist within the meaning of this act to conduct or manage any pharmacy, drug or chemical store, apothecary shop, or other place of business for the retailing, compounding, or dispensing of any drugs, chemicals, or poisons, or for the compounding of physicians' prescriptions, or to keep exposed for sale at retail, any drugs, chemicals, or poisons, except as hereinafter provided, or, except as hereinafter provided, for any person whose permanent allegiance is due to the United States not licensed as a pharmacist within the meaning of this act to compound, dispense, or sell, at retail, any drug, chemical, poison, or pharmaceutical preparation upon the prescription of a physician, or otherwise, or to compound physicians' prescriptions, except as an aid to and under the proper supervision of a pharmacist licensed under this act. And it shall be unlawful for any person, firm, or corporation owing permanent allegiance to the United States owning partly or wholly or managing a pharmacy, drug store, or other place of business to cause or permit any person other than a licensed pharmacist to compound, dispense, or sell at retail any drug, medicine, or poison, except as an aid to and under the proper supervision of a licensed pharmacist: *Provided*, That where it is necessary for a person, firm, or corporation whose permanent allegiance is due to the United States and owning partly or wholly or managing a pharmacy, drug store, or other place of business to employ Chinese subjects to compound, dispense, or sell at retail any drug, medicine, or poison, such person, firm, corporation, owner, part owner, or manager of a pharmacy, drug store, or other place of business may employ such Chinese subjects when their character, ability, and age of 21 years or over have been certified to by at least two recognized and reputable practitioners of medicine, or two pharmacists licensed under this act whose permanent allegiance is due to the United States: *Provided further*, That nothing in this section shall be construed to interfere with any recognized and reputable practitioner of medicine, dentistry, or veterinary surgery in the compounding of his own prescriptions, or to prevent him from supplying to his patients such medicines as he may deem proper, except as hereinafter provided; nor with the exclusively wholesale business of any person, firm, or corporation whose permanent allegiance is due to the United States dealing and licensed as pharmacists, or having in their employ at least one person who is so licensed, except as hereinafter provided; nor with the sale by persons, firms, or corporations whose permanent allegiance is due to the United States other than pharmacists of poisonous substances sold exclusively for use in the arts, or as insecticides, when such substances are sold in unbroken packages bearing labels having plainly printed upon them the name of the contents, the word "poison," when practicable the name of at least one suitable antidote, and the name and address of the vendor.

SEC. 2. That every person whose permanent allegiance is due to the United States now practicing as a pharmacist or desiring to practice as a pharmacist in the consular districts in China shall file with the consul an application, duly verified under oath, setting forth the name and age of the applicant, the place or places at which he pursued and the time spent in the study of pharmacy, the experience which the applicant has had in compounding physicians' prescriptions under the direction of a licensed pharmacist, and the name and location of the school or college of pharmacy, if any, of which he is a graduate, and shall submit evidence sufficient to show to the satisfaction of said consul that he is of good moral character and not addicted to the use of alcoholic liquors, or narcotic drugs so as to render him unfit to practice pharmacy: *Provided*, That applicants shall be not less than 21 years of age and shall have had at least four years' experience in the practice of pharmacy or shall have served three years under the instruction of a regularly licensed pharmacist, and any applicant who has been graduated from a school or college of pharmacy recognized by the proper board of his State, Territory, District of Columbia, or other possession of the United States as in good standing shall be entitled to practice upon presentation of his diploma.

SEC. 3. That if the applicant for license as a pharmacist has complied with the requirements of the preceding section, the consul shall issue to him a license which shall entitle him to practice pharmacy in the consular districts of the United States in China, subject to the provisions of this act.

SEC. 4. That the license of any person whose permanent allegiance is due to the United States to practice pharmacy in the consular districts of the United States in China may be revoked by the consul if such person be found to have obtained such license by fraud, or be addicted to the use of any narcotic or stimulant, or to be suffering from physical or mental disease, in such manner and to such extent as to render it expedient that in the interests of the public his license be canceled; or to be of an immoral character; or if such person be convicted in any court of competent jurisdiction of any offense involving moral turpitude. It shall be the duty of the consul to investigate any case in which it is discovered by him or made to appear to his satisfaction that any license issued under the provisions of this act is revocable and shall, after full hearing, if in his judgment the facts warrant it, revoke such license.

SEC. 5. That every license to practice pharmacy shall be conspicuously displayed by the person to whom the same has been issued in the pharmacy, drug store, or place of business, if any, of which the said person is the owner or part owner or manager.

SEC. 6. That it shall be unlawful for any person, firm, or corporation whose permanent allegiance is due to the United States, either personally or by servant or agent or as the servant or agent of any other person or of any firm or corporation, to sell, furnish, or give away any cocaine, salts of cocaine, or preparation containing cocaine or salts of cocaine, or morphine or preparation containing morphine or salts of morphine, or any opium or preparation containing opium, or any chloral hydrate or preparation containing chloral hydrate, except upon the original written order or prescription of a recognized and reputable practitioner of medicine, dentistry, or veterinary medicine, which order or prescription shall be dated and shall contain the name of the person for whom prescribed, or, if ordered by a practitioner of veteri-

nary medicine, shall state the kind of animal for which ordered and shall be signed by the person giving the order or prescription. Such order or prescription shall be, for a period of three years, retained on file by the person, firm, or corporation who compounds or dispenses the article ordered or prescribed, and it shall not be compounded or dispensed after the first time except upon the written order of the original prescriber: *Provided*, That the above provisions shall not apply to preparations containing not more than two grains of opium, or not more than one-quarter grain of morphine, or not more than one-quarter grain of cocaine, or if a solid preparation, in one avoirdupois ounce. The above provisions shall not apply to preparations sold in good faith for diarrhea and cholera, each bottle or package of which is accompanied by specific directions for use and caution against habitual use, nor to liniments or ointments sold in good faith as such when plainly labeled "For external use only," nor to powder of ipecac and opium, commonly known as Dover's powder, when sold in quantities not exceeding 20 grains: *Provided further*, That the provisions of this section shall not be construed to permit the selling, furnishing, giving away, or prescribing for the use of any habitual users of the same any cocaine, salts of cocaine or preparation containing cocaine or salts of cocaine, or morphine or salts of morphine, or preparations containing morphine or salts of morphine, or any opium or preparation containing opium, or any chloral hydrate or preparation containing chloral hydrate. But this proviso shall not be construed to prevent any recognized or reputable practitioner of medicine whose permanent allegiance is due to the United States from furnishing in good faith for the use of any habitual user of narcotic drugs who is under his professional care such substances as he may deem necessary for their treatment, when such prescriptions are not given or substances furnished for the purpose of evading the provisions of this section. But the provisions of this section shall not apply to sales at wholesale between jobbers, manufacturers, and retail druggists, hospitals, and scientific or public institutions.

Sec. 7. That it shall be unlawful for any person, firm, or corporation whose permanent allegiance is due to the United States to sell or deliver to any other person any of the following-described substances, or any poisonous compound, combination, or preparation thereof, to wit: The compounds of and salts of antimony, arsenic, barium, chromium, copper, gold, lead, mercury, silver, and zinc, the caustic hydrates of sodium and potassium, solution or water of ammonia, methyl alcohol, paregoric, the concentrated mineral acids, oxalic and hydrocyanic acids and their salts, yellow phosphorus, Paris green, carbolic acid, the essential oils of almonds, pennyroyal, tansy, rue, and saffron; croton oil, creosote, chloroform, cantharides, or aconite, belladonna, bitter almonds, colchicum, cotton root, cocculus indicus, conium, cannabis indica, digitalis, ergot, hyoscyamus, ignatia, lobelia, nux vomica, physostigma, physolacca, stramonium, veratrum viride, or any of the poisonous alkaloids or alkaloidal salts derived from the foregoing, or any other poisonous alkaloids or their salts, or any other virulent poison, except in the manner following, and, moreover, if the applicant be less than 18 years of age, except upon the written order of a person known or believed to be an adult.

It shall first be learned, by due inquiry, that the person to whom delivery is about to be made is aware of the poisonous character of the substance and that it is desired for a lawful purpose, and the box, bottle, or other package shall be plainly labeled with the name of the substance, the word "poison," the name of at least one suitable antidote, when practicable, and the name and address of the person, firm, or corporation dispensing the substance. And before delivery be made of any of the foregoing substances, excepting solution or water of ammonia and sulphate of copper, there shall be recorded in a book kept for that purpose the name of the article, the quantity delivered, the purpose for which it is to be used, the date of delivery, the name and address of the person for whom it is procured, and the name of the individual personally dispensing the same; and said book shall be preserved by the owner thereof for at least three years after the date of the last entry therein. The foregoing provisions shall not apply to articles dispensed upon the order of persons believed by the dispenser to be recognized and reputable practitioners of medicine, dentistry, or veterinary surgery: *Provided*, That when a physician writes upon his prescription a request that it be marked or labeled "Poison," the pharmacist shall, in the case of liquids, place the same in a colored glass, roughened bottle, of the kind commonly known in trade as a "poison bottle," and, in the case of dry substances, he shall place a poison label upon the container. The record of sale and delivery above mentioned shall not be required of manufacturers and wholesalers who shall sell any of the foregoing substances at wholesale to licensed pharmacists, but the box, bottle, or other package containing such substance, when sold at wholesale, shall be properly labeled with the name of the substance, the word "poison," and the name and address of the manufacturer or wholesaler: *Provided further*, That it shall not be necessary, in sales either at wholesale or at retail, to place a poison label upon, nor to record the delivery of, the sulphide of antimony, or the oxide or carbonate of zinc, or of colors ground in oil and intended for use as paints, or calomel; nor in the case of preparations containing any of the substances named in this section, when a single box, bottle, or other package, or when the bulk of one-half fluid ounce or the weight of one-half avoirdupois ounce does not contain more than an adult medicinal dose of such substance; nor, in the case of liniments or ointments sold in good faith as such, when plainly labeled "For external use only"; nor, in the case of preparations put up and sold in the form of pills, tablets, or lozenges, containing any of the substances enumerated in this section and intended for internal use, when the dose recommended does not contain more than one-fourth of an adult medicinal dose of such substance.

For the purpose of this and of every other section of this act no box, bottle, or other package shall be regarded as having been labeled "Poison" unless the word "poison" appears conspicuously thereon, printed in plain, uncondensed gothic letters in red ink.

Sec. 8. That no person, firm, or corporation whose permanent allegiance is due to the United States seeking to procure in the consular districts of the United States in China any substance the sale of which is regulated by the provisions of this act shall make any fraudulent representations so as to evade or defeat the restrictions herein imposed.

Sec. 9. That every person, firm, or corporation whose permanent allegiance is due to the United States owning, partly owning, or managing a drug store or pharmacy shall keep in his place of business a suitable book or file, in which shall be preserved for a period of not less than three years the original of every prescription compounded or dispensed at such store or pharmacy, or a copy of such prescription, except when the preservation of the original is required by section 6 of this act. Upon request the owner, part owner, or manager of such store shall

furnish to the prescribing physician, or to the person for whom such prescription was compounded or dispensed, a true and correct copy thereof. Any prescription required by section 6 of this act, and any prescription for, or register of sales of, substances mentioned in section 8 of this act shall at all times be open to inspection by duly authorized consular officers in the consular districts of the United States in China. No person, firm, or corporation whose permanent allegiance is due to the United States shall, in a consular district, compound or dispense any drug or drugs or deliver the same to any other person without marking on the container thereof the name of the drug or drugs contained therein and directions for using the same.

Sec. 10. That it shall be unlawful for any person whose permanent allegiance is due to the United States, not legally licensed as a pharmacist, to take, use, or exhibit the title of pharmacist, or licensed or registered pharmacist, or the title of druggist or apothecary, or any other title or description of like import.

Sec. 11. That any person, firm, or corporation whose permanent allegiance is due to the United States violating any of the provisions of this act shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be punished by a fine of not less than \$50 and not more than \$100 or by imprisonment for not less than 1 month and not more than 60 days, or by both such fine and imprisonment, in the discretion of the court, and if the offense be continuing in its character each week or part of a week during which it continues shall constitute a separate and distinct offense. And it shall be the duty of the consular and judicial officers of the United States in China to enforce the provisions of this act.

Sec. 12. That the word "consul" as used in this act shall mean the consular officer in charge of the district concerned.

Sec. 13. That nothing in this act shall be construed as modifying or revoking any of the provisions of the act of Congress of February 23, 1887, entitled "An act to provide for the execution of the provisions of article 2 of the treaty concluded between the United States of America and the Emperor of China on the 17th day of November, 1880, and proclaimed by the President of the United States the 5th day of October, 1881."

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

AMERICAN VESSELS AND WATCH OFFICERS.

Mr. NELSON. From the Committee on Commerce I report back favorably, with amendments, Senate resolution 467, directing the Secretary of Commerce to transmit to the Senate information as to the number of Americans available for watch officers and the list of vessels admitted to American registry. I call the attention of the Senator from Washington [Mr. JONES] to the resolution.

Mr. JONES. I ask for the present consideration of the resolution. It merely calls for information from the Department of Commerce, and is reported favorably by the Senator from Minnesota from the committee.

Mr. SIMMONS. I shall not object to its consideration if it does not lead to debate, but after that I shall ask for the regular order.

Mr. SMITH of Michigan. I hope the Senator will not say that. Some of us have been waiting to submit reports of committees. I have a bill from the Committee on Foreign Relations which I should like very much to report.

Mr. SIMMONS. If it is a mere report from a committee, I shall not object to it, but I referred to the consideration of a bill.

By unanimous consent the Senate proceeded to consider the resolution.

The amendments of the Committee on Commerce were, in line 2, after the words "furnish to the Senate," to insert: "if not incompatible with the public interest"; after line 7, to strike out "Second. Copies of letters and communications on file with the department relating to the supply of Americans available for watch officers on ships admitted to American registry"; and to renumber clause "third," so as to make the resolution read:

Resolved, That the Secretary of Commerce be requested to furnish to the Senate, if not incompatible with the public interests, the following information:

First. How many Americans were shown by reports from the various customs districts to be available for watch officers, including masters, mates, and engineers, when the order suspending the requirements of the navigation laws relating thereto for a period of seven years was issued.

Second. A list of the vessels admitted to American registry under the emergency act, with a statement as to where and when built, by whom owned, what flag heretofore flying, and the number of American vessels and watch officers employed.

The amendments were agreed to.

The resolution as amended was agreed to.

THE COTTON SITUATION.

Mr. JONES. Mr. President, there have been quite a number of letters presented from southern people with reference to the cotton situation, and it might be of interest to read an extract from a letter which I have received from one of my people 3,000 miles away from here.

Mr. SIMMONS. I trust the Senator from Washington will at least let us take up the bill, and then he may read the letter.

Mr. JONES. This is on that proposition. It will take me just a moment to read it. One of my constituents, after refer-

ring to a bill which I have introduced and which he approves, says:

But something I think to be of considerable more importance to the whole people at the present time is immediate relief to the cotton growers. Already the nearest starved class of farmers on our continent, the European war situation has forced them into a state of almost peonage to the bankers.

I do not know whether or not these statements are exactly correct and will be borne out by Senators from the cotton-growing States. The writer further says:

The "buy-a-bale" remedy, advocated by so many, will only hurry their destruction. If the Government is for the people, it ought to come to the cotton growers' assistance, for they number a large part of the population. As a citizen of the State of Washington I think you ought to put forth every effort to get the Government to either lend money to the growers on their cotton or to buy the cotton outright.

EMERGENCY REVENUE LEGISLATION.

Mr. STONE. I ask that the Senate proceed to the consideration of the unfinished business.

There being no objection, the Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 18891) to increase the internal revenue, and for other purposes.

Mr. STONE. I ask that the amendment to the bill which was submitted by me last night, and which appears on pages 16661 and 16662 of the RECORD, may be now considered.

The VICE PRESIDENT. The question is on agreeing to the amendment.

Mr. SMITH of Michigan. Mr. President, I had hoped that the Senator from Missouri would state to the Senate wherein this amendment differs materially from the section as originally reported by the committee.

Mr. STONE. I had printed in the RECORD which appears this morning a statement fully showing the changes in detail; and, as the Senator from Utah [Mr. SMOOT] suggests to me, I also made a statement last night covering the whole matter.

Mr. SMITH of Michigan. If the Senator from Missouri has already gone over the ground, of course I shall not urge it any further.

Mr. STONE. Yes; I went over it at some little length last night.

Mr. SMITH of Michigan. Very well.

The VICE PRESIDENT. The question is on the amendment. The amendment was agreed to.

Mr. STONE. Mr. President, that strikes out section 3 as it appeared in the bill as reported to the Senate, being an amendment proposed by the Committee on Finance, and also strikes out section 2 as it appeared in the House bill.

The VICE PRESIDENT. Section 2 was stricken out last night.

Mr. STONE. Yes; but I wish to say at this time that I think the adoption of the amendment just acted upon by the Senate will necessitate some renumbering of the sections, and inasmuch as this is an amendment covering considerable space I think the desire is that it shall be put at some place in the bill—

Mr. SIMMONS. It is section 3.

Mr. STONE. It is section 3 now, but it seems to me that an amendment which covers two or three pages might be put at some other point in the bill. However, I merely suggest that now, and ask unanimous consent that the sections may be renumbered.

Mr. SMOOT. Let me suggest to the Senator that I think the best method would be to allow the amendment to be numbered "section 3," and, if necessary, the section can be divided into paragraphs. Then it would conform to the law of 1898 or to any other revenue law we may have passed as to the numbering of the sections, and it would appear as one section, namely, section 3.

Mr. SIMMONS. I think it should properly be section 3 of this bill.

Mr. SMOOT. I think that is correct.

Mr. STONE. It is not important. I merely made the suggestion.

Mr. THOMAS. Mr. President, on page 25, lines 5 and 6, I move to amend by striking out the words "whose capital stock does not exceed \$10,000," and on line 9, by striking out the words "tax herein provided" and inserting the words "provisions of this act."

Mr. POINDEXTER. Is the Senator reading from the latest print of the bill?

Mr. THOMAS. I am reading from the print dated October 8, 1914. I do not know whether or not that is the latest print.

Mr. FLETCHER. There is a new print this morning.

Mr. POINDEXTER. The latest print is of October 15.

The VICE PRESIDENT. It is necessary for the Secretary to use the print of October 8. The amendment will be stated.

The SECRETARY. In section 16, page 25, line 5, after the word "associations," it is proposed to strike out "whose capital stock

does not exceed \$10,000," and in line 9, on the same page, to strike out the words "tax herein provided" and insert "provisions of this act."

Mr. SMOOT. Mr. President, I hope the amendment will be adopted. If the latter part of the amendment is not adopted, then the stock and bonds issued by cooperative building and loan associations would be only exempt from the tax within the particular section, while the amendment inserting the words "provisions of this act," of course, would exempt them from the tax imposed by the bill itself, and that is what was intended by the committee. The amendment will make the section complete.

Mr. THOMAS. That is correct.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. SIMMONS. I now ask for a vote on the so-called tobacco amendment, beginning on page 11, line 2, which I offered yesterday and which went over.

The SECRETARY. On page 11, beginning with line 3, it is proposed to strike out all down to and including line 3 on page 12, and insert a new schedule, as printed in the amendment of Mr. SIMMONS.

Mr. SIMMONS. The amendment was read yesterday.

Mr. OVERMAN. I should like to hear the amendment read again. I did not hear it on yesterday.

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. On page 11, after line 2, it is proposed to strike out:

Manufacturers of tobacco whose annual sales do not exceed 50,000 pounds shall each pay \$6.

Manufacturers of tobacco whose annual sales exceed 50,000 and do not exceed 100,000 pounds shall each pay \$12.

Manufacturers of tobacco whose annual sales exceed 100,000 pounds and do not exceed 200,000 shall each pay \$24.

Manufacturers of tobacco whose annual sales exceed 200,000 and do not exceed 400,000 pounds shall each pay \$48.

Manufacturers of tobacco whose annual sales exceed 400,000 pounds shall each pay \$96.

Manufacturers of cigars whose annual sales do not exceed 100,000 cigars shall each pay \$6.

Manufacturers of cigars whose annual sales exceed 100,000 and do not exceed 200,000 cigars shall each pay \$12.

Manufacturers of cigars whose annual sales exceed 200,000 cigars and do not exceed 400,000 shall each pay \$24.

Manufacturers of cigars whose annual sales exceed 400,000 and do not exceed 750,000 cigars shall each pay \$48.

Manufacturers of cigars whose annual sales exceed 750,000 cigars shall each pay \$96.

Manufacturers of cigarettes shall each pay \$24.

And in lieu thereof to insert:

Manufacturers of tobacco whose annual sales do not exceed 100,000 pounds shall each pay \$6.

Manufacturers of tobacco whose annual sales exceed 100,000 and do not exceed 200,000 pounds shall each pay \$12.

Manufacturers of tobacco whose annual sales exceed 200,000 and do not exceed 400,000 pounds shall each pay \$24.

Manufacturers of tobacco whose annual sales exceed 400,000 and do not exceed 1,000,000 pounds shall each pay \$60.

Manufacturers of tobacco whose annual sales exceed 1,000,000 and do not exceed 5,000,000 pounds shall each pay \$300.

Manufacturers of tobacco whose annual sales exceed 5,000,000 and do not exceed 10,000,000 pounds shall each pay \$600.

Manufacturers of tobacco whose annual sales exceed 10,000,000 and do not exceed 20,000,000 pounds shall each pay \$1,200.

Manufacturers of tobacco whose annual sales exceed 20,000,000 pounds shall each pay \$2,400.

Manufacturers of cigars whose annual sales do not exceed 100,000 cigars shall each pay \$3.

Manufacturers of cigars whose annual sales exceed 100,000 and do not exceed 200,000 cigars shall each pay \$6.

Manufacturers of cigars whose annual sales exceed 200,000 and do not exceed 400,000 cigars shall each pay \$12.

Manufacturers of cigars whose annual sales exceed 400,000 and do not exceed 1,000,000 cigars shall each pay \$30.

Manufacturers of cigars whose annual sales exceed 1,000,000 and do not exceed 5,000,000 cigars shall each pay \$150.

Manufacturers of cigars whose annual sales exceed 5,000,000 and do not exceed 20,000,000 cigars shall each pay \$600.

Manufacturers of cigars whose annual sales exceed 20,000,000 and do not exceed 40,000,000 cigars shall each pay \$1,200.

Manufacturers of cigars whose annual sales exceed 40,000,000 cigars shall each pay \$2,400.

Manufacturers of cigarettes whose annual sales do not exceed 1,000,000 cigarettes shall each pay \$12.

Manufacturers of cigarettes whose annual sales exceed 1,000,000 and do not exceed 2,000,000 cigarettes shall each pay \$24.

Manufacturers of cigarettes whose annual sales exceed 2,000,000 and do not exceed 5,000,000 cigarettes shall each pay \$60.

Manufacturers of cigarettes whose annual sales exceed 5,000,000 and do not exceed 10,000,000 cigarettes shall each pay \$120.

Manufacturers of cigarettes whose annual sales exceed 10,000,000 and do not exceed 50,000,000 cigarettes shall each pay \$600.

Manufacturers of cigarettes whose annual sales exceed 50,000,000 and do not exceed 100,000,000 cigarettes shall each pay \$1,200.

Manufacturers of cigarettes whose annual sales exceed 100,000,000 cigarettes shall each pay \$2,400.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. SIMMONS. On page 48, line 25, after the word "act," I offer an amendment, which I send to the desk. I will state, Mr. President, that this amendment has been sent down from the department. The Secretary of the Treasury advises me that as the bill proposes a tax of \$1.75 on beer and fermented liquors, and then provides that the act shall cease to be operative on the 31st of December, 1915, after that time, without the amendment which I now propose, there would be no tax on beer at all. This amendment is simply designed to put the present tax in operation when this bill expires by limitation.

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. On page 48, line 25, after the word "act," it is proposed to strike out the period and insert a colon and the following:

Provided, however, That on and after the 1st day of January, 1916, the provisions of section 3330 of the Revised Statutes as amended by an act approved April 12, 1902, imposing a tax on fermented liquors, shall not be affected by any limitation as to the levying or collecting of the additional tax imposed by this act on such fermented liquors, but shall then be in full force and effect on and after the said 1st day of January, 1916.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. SIMMONS. Mr. President, on page 12, line 11, I offer an amendment, also sent down by the department. I will state the purpose of the amendment. That section is with reference to special taxes, and reads:

And every person who carries on any business or occupation for which special taxes are imposed by this act, without having paid the special tax—

And so forth.

Those special taxes are assessed on the 1st day of July of each year for the next fiscal year. This amendment is to provide that for the fiscal year 1916, instead of being assessed for the full year, they shall be assessed only for the proportionate part of the year—that is, the part of the year between the assessment and the time when this bill ceases to be operative.

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. On page 12, line 11, after the word "court," it is proposed to strike out the period and insert a colon and the following:

Provided, That the special taxes imposed by this act, and payable during the special-tax year ending June 30, 1916, shall be collected and paid proportionately for the period during which such taxes shall remain in force during said year.

The amendment was agreed to.

Mr. SIMMONS. The amendment offered by the committee on page 35, lines 1 to 22, was passed over day before yesterday at the request of the Senator from South Dakota [Mr. STERLING], who was not in the Chamber yesterday evening when it was reached.

Mr. STERLING. Mr. President, I think that matter went over at my request. I have no amendment to propose to it.

Mr. SIMMONS. Then I ask for the adoption of the amendment.

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. The committee proposes, on page 35, beginning on line 1, after the word "within," at the end of the line, to strike out, beginning with the word "the," down to and including the words "1 cent," on line 8, and to insert "30 days after the expiration of each month a sworn statement to the collector of internal revenue in each of their respective districts, stating the number of dispatches, messages, or conversations originated at each of their respective exchanges, toll stations, or offices, and transmitted thence over their lines during the preceding month for which a charge of 15 cents or more was imposed, and for each of such messages or conversations the said person, firm, or corporation shall collect from the sender of the message or the originator of the conversation a tax of 1 cent in addition to the regular charges for the message or conversation, which tax the said person, firm, or corporation shall in turn pay to the said collector of internal revenue of their respective districts."

Mr. OLIVER. Mr. President, upon the subject of that tax I have here a letter from an independent telephone company, the Pittsburgh & Allegheny Telephone Co., in the district in which I live, which I send to the desk and ask to have read.

The VICE PRESIDENT. Without objection, the Secretary will read the letter.

The Secretary read as follows:

PITTSBURGH & ALLEGHENY TELEPHONE CO.,
Pittsburgh, Pa., October 12, 1914.

Hon. GEORGE T. OLIVER,
Washington, D. C.

MY DEAR SENATOR OLIVER: The officers of this company have requested me to enter its protest against the provisions of House bill No. 18891, or the "war-tax bill," affecting telephone companies. It is not

clear under this bill whether the telephone company or the telephone user is required to pay the tax.

The tax of 1 cent on every 15-cent message is equivalent to almost 7 per cent of the gross toll earnings. This is an unreasonable tax. Furthermore, the 15-cent minimum is a discrimination in favor of telegraph companies, whose minimum charge is 25 cents per message. It is suggested, therefore, that the minimum telephone message upon which tax may be levied should be 25 cents and not 15 cents.

I trust that the suggested changes will appear to you as fair, and that you will find your way clear to support an amendment of the bill along those lines.

Sincerely, yours,

JOHN S. WELLER, General Counsel.

Mr. OLIVER. Mr. President, I do not propose to offer an amendment, but to suggest to the chairman of the committee that the general dividing line between what are known as long-distance messages and local messages is 25 cents, and the independent telephone companies appear to think that placing a tax on messages for which a charge of no more than 15 cents is made is unjust. I hope the committee can see its way clear to adopt the line of 25 cents instead of 15 cents, and at least have the amendment allowed to go to conference in that shape.

Mr. SIMMONS. Mr. President, these taxes are not paid by the telephone companies. They are paid by the senders. Most of the telephone messages escape taxation altogether. A very small proportion of their messages are those the charge for which amounts to more than 15 cents, while all messages sent by telegraph companies amount to 25 cents or more. Most of the telephone messages, therefore, will not be taxed at all.

This is the only protest I have heard about this matter. Quite a number of the small telephone companies have sent representatives here who protested against the bill when it provided that the telephone companies should pay the tax; but after we changed it I think they were all satisfied with it. I do not see any reason why any further change should be made.

Mr. LEA of Tennessee. Mr. President, I should like to suggest to the Senator from North Carolina to strike out the words "sender of," in line 17, page 35, and the words "the originator of," in line 18, and to insert the words "person paying for" in lieu thereof, so that it will read:

Shall collect from the person paying for the message or the conversation.

The effect of the amendment would be, in case of collect telegrams or reversed messages, for the one who paid for the message or the conversation to pay the tax. Several telephone companies in the State of Tennessee have requested me to ask that the amendment be adopted, as it will avoid a good deal of complication in bookkeeping, where one company remits a tax to the Government and the other collects the charge.

Mr. SIMMONS. I hope the Senator will not press that amendment. It is a matter that can be adjusted in conference, if we finally find that that would be the proper way to do it, and I should not like to change the amendment at this time.

Mr. LEA of Tennessee. I will not insist on it, but I will ask the Senator to bear it in mind—

Mr. SIMMONS. I will do so.

Mr. LEA of Tennessee. And correct it in conference.

The VICE PRESIDENT. The question is on agreeing to the amendment proposed by the committee.

The amendment was agreed to.

Mr. SIMMONS. On page 37 of the bill, lines 16 to 21, the Senator from South Dakota [Mr. STERLING] asks that that paragraph go over. I think that is the matter the Senator has just talked to me about, suggesting an amendment, which I told him I would like to look into a little further. I suggest that the Senator let the amendment be agreed to now, and then I will talk with him about it further. Later, if we decide to make the change he desires, it can be done, if that will satisfy the Senator.

Mr. STERLING. Mr. President, the amendment I propose is as follows: In line 16, page 37, after the word "interest," insert the words "or property," and after the word "convey," in that line, insert the words "exclusive of the value of any lien or encumbrance thereon."

I think, perhaps, it was the intention of the committee to impose a tax only on the real interest or the value of the interest conveyed. For example, if there is property the value of which is \$10,000 and there is a mortgage thereon of \$8,000, it is intended in case of conveyance that the grantor shall pay a tax on \$2,000 only. I think that was the idea. The word "interest," however, may be used in two senses, namely, an interest after the deduction of a mortgage or other encumbrance, and any interest in either encumbered or unencumbered property, as, for example, the one-half or one-third undivided interest which one may have or own. Since I think it is the intention to tax only the real interest, words ought to be inserted which will clearly convey that idea.

I move the amendment which I have stated.

The VICE PRESIDENT. The amendment to the amendment will be stated.

The SECRETARY. On page 37, line 16, in the committee amendment, after the word "interest," it is proposed to insert the words "or property," and after the word "conveyed," in the same line, it is proposed to insert a comma and the words "exclusive of the value of any lien or encumbrance thereon."

Mr. SIMMONS. I will accept the amendment.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. SIMMONS. The committee has no further amendments at present.

The VICE PRESIDENT. The proviso has not yet been agreed to. The Secretary will state it.

The SECRETARY. The proviso on the same page was passed over. On page 37, line 18, the committee proposes, after the word "cents," to insert:

Provided, That nothing contained in this paragraph shall be so construed as to impose a tax upon any instrument or writing given to secure a debt.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. POMERENE. Mr. President, a few minutes ago the Senate adopted section 3, relating to the tax on wines. I therefore send to the desk an amendment which I propose as a separate section, to come in immediately following the wine section, and ask that it may be read.

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. It is proposed to insert in the bill a new section, to follow the section offered by the Senator from Missouri [Mr. STONE] and adopted, as follows:

SEC. 4. That all the provisions of the preceding section, except those relating to the amount and method of collecting the taxes herein named, shall continue in force and effect until hereafter modified or repealed; and that on and after December 31, 1915, there shall be levied and assessed against every maker of sweet wines and collected monthly a charge of 55 cents on each taxable gallon of grape brandy or wine spirits used by him in the fortification of sweet wines during the preceding month in lieu of the charge of 3 cents levied and assessed therefor under section 3 of an act entitled "An act to amend existing laws relating to the fortification of pure sweet wines," approved June 7, 1906.

Mr. POMERENE. Mr. President, on yesterday the senior Senator from Missouri [Mr. STONE] offered the wine amendment and explained its provisions. Briefly stated, the amendment provides a flat tax of 8 cents per gallon on all still wines. That means dry and sweet wines alike. Under the present fortifying act there is a tax of 3 cents per gallon on grape brandy or wine spirits, which is used by certain favored sweet-wine producers in the fortification of their wines. Under the amendment as it has been adopted by the Senate this 3 cents per gallon on wine spirits is increased to 55 cents per gallon. Under the old fortifying act the regulations were so drawn that only certain favored wine producers could get this privilege. To illustrate, section 42 of that act provided:

That any producer of pure sweet wines who is also a distiller authorized to separate from fermented grape juice, under internal-revenue laws, wine spirits, may use free of tax the grape brandy or wine spirits.

In other words, the wine producer must also be a distiller in order to have this privilege. Every other producer of sweet wines was obliged to pay for the wine spirits, if he used them, or for a neutral spirit which was sometimes used in the fortification of sweet wines, the regular tax of \$1.10 per gallon.

There was another limitation, which will be found in section 45, which further hampered all producers of sweet wines other than those who were engaged in the business in California. It read as follows:

The use of wine spirits free of tax for fortification of sweet wines under this act shall be begun and completed at the vineyard of the wine grower where the grapes are crushed and the grape juice is expressed and fermented.

It so happened that in California the stills—the wineries—are in the vineyards. East of the Rocky Mountains the wineries are usually in the towns or villages and the grapes are raised on small farms in the neighborhood; in my own State the grapes are grown on small farms, principally along Lake Erie, and are transported to the wineries in the towns and there sold.

All these limitations were of such a character as to deprive the sweet-wine producer of the use of the wine spirits free of tax. I understand that under certain decisions which have been made by the Internal Revenue Department a few of the eastern wine producers have been getting the tax-free spirits.

Perhaps I should explain what I mean by tax-free spirits. The law as adopted in 1890 provided that the wine spirits could be used free of taxes. Some years later that statute was amended so as to permit of a nominal charge of 3 cents per

gallon. Now, under the amendment which was adopted by the Senate, if it should become a law, all sweet-wine producers will have an equal privilege in the use of wine spirits or grape brandy and at the same tax. That privilege is to get the grape brandy or wine spirits from the bonded warehouse at a tax of 55 cents per wine gallon. All sweet-wine producers are on the same footing.

By the terms of the pending measure it will expire by limitation on December 31, 1915. Heretofore spirituous liquors have been taxed at \$1.10 per gallon. Beer has been taxed at \$1 per barrel. Wine spirits or grape brandy are taxed at \$1.10 per gallon, save when used by those who are specifically permitted to use it under the sweet-wine act of 1890, and no others.

Now, the amendment which has been adopted by the Senate will place a uniform tax of 55 cents per gallon upon the wine spirits; that is, such wine spirits as may be used between the time that this act shall take effect and December 31, 1915. After that, unless my amendment is adopted, wine spirits will be taxable for fortification purposes at 3 cents a gallon if it is taxed at all, and the old provisions of the act of 1890, which gave the special privilege to the sweet-wine producer of California, will automatically be reinstated.

So the effect of the amendment which has been adopted is to change the method of administration and the law in so far as it relates to the use of grape brandy or wine spirits for a period of less than 15 months; the old law will again go into operation, and the sweet-wine producers will have confronting them the same proposition that they have been contending either for or against during the past 18 or 20 years, or since the provisions of this sweet-wine act became generally known.

The effect of the amendment which I have offered is to continue a tax of 55 cents per gallon on the grape brandy or wine spirits until the provisions of this section shall be otherwise modified or repealed.

It further provides that the equal privileges to all sweet-wine producers in the amendment which has been adopted will also continue until they shall be changed by act of Congress.

I may say that this amendment as it has been adopted met the approval of the Internal Revenue Department, as well as of all the wine producers, and I understand also that the wine industry is entirely willing to have this 25-cent-per-gallon rate made permanent.

Mr. TOWNSEND. Has the Senator determined what difference it would make in the amount of revenue to be produced under the amendment adopted and as proposed to be amended by him?

Mr. POMERENE. It will make no change in the revenue, so far as the wine is concerned, during the period ending between the taking effect of this act and its termination on December 31, 1915, but after that date the Government will get a tax at the rate of 55 cents per gallon on the grape brandy which may be thereafter used instead of 3 cents a gallon which the Government is now getting, and I am not sure but that if this bill should become a law as it now stands in the Senate the 3-cent tax will also be eliminated. I think a careful examination of section 3 of the act passed June 7, 1906, and of the amendment as adopted, will show that the 3-cent tax is entirely eliminated.

Now, Mr. President, since the passage of the act of 1890 the grape brandy which has been used, either subject to a tax of 3 cents a gallon after that was adopted or free of tax entirely, as it existed before the tax of 3 cents a gallon was adopted, would have amounted to \$65,702,601.69 up until the end of the fiscal year 1912 if the full tax of \$1.10 had been paid.

During the fiscal year ending June 30, 1913, there were used 4,852,872.3 gallons of grape brandy or wine spirits, which paid to the Government a tax of \$145,586.21. If the sweet-wine producers who had this special privilege had paid the tax at the rate of \$1.10 per gallon, they would have paid last year to the Government \$5,338,159.42. All of this amount of money was given by this act in the form of a rebate to 113 wine producers, and all except, perhaps, about 20 of them were in California, and that condition of affairs has existed ever since 1890.

In view of the fact that the amendment which has already been adopted meets the approval of the Internal Revenue Department and of the wine industries themselves, I do not understand what reason can be urged for going back to the inequalities of the old law after December 31, 1915. It is true that the flat tax of 8 cents per gallon which will be paid under this amendment upon all sweet and dry wines will expire by limitation December 31, 1915; but if it is right to assess against and compel the whisky distiller to pay a tax—and it is if it is right to compel the brewer to pay a tax—it can not be wrong to compel the distiller of wine spirits or the user of wine spirits to contribute likewise to the support of the Government.

The only question, it seems to me, that is before the Senate now is whether they shall continue as a permanent statutory regulation the method of fortification which has already been approved by the Senate for the period ending December 31, 1915.

I may say that this is the only instance that has come to my knowledge where a producer has consented to have a tax assessed against him, and the only explanation I can make of it is that there is such a sentiment in favor of making the same tax of \$1.10 apply that is required to be paid by other users or distillers of other intoxicating liquors.

It is a question of the Senate's adopting a permanent measure which will bring in revenue to the amount of 55 cents a gallon hereafter on wine spirits, or a tax of 3 cents a gallon. It is only a question as to whether or not we shall continue the inequitable provisions of the law of 1890 and thereby give our indorsement to that kind of special legislation or adopt a new provision, to continue until the Congress shall hereafter in its wisdom change it, which will apply equally to all wine producers.

I may say, in addition, that since the free-tax provisions of this law have been in force it has been the practice to fortify these wines up to about 22 or 23 per cent; that is, they will have, after fortification, from 22 to 23 per cent of pure alcohol, which is the equivalent of 44 to 46 per cent of proof alcohol. Under the provisions of the sweet-wine act they can be fortified up to 24 per cent. In other words, these sweet wines have about half of the alcoholic strength of whisky. The cheaper grades of them are largely used in the manufacture of patent medicines. So the patent-medicine manufacturer can place upon the market a concoction that is nearly half alcohol, and he is able to do that under the old law by simply paying 3 cents a gallon for the alcoholic content when other producers of distilled liquors pay \$1.10 a gallon.

Under the amendment which I have proposed, after December 31, 1915, they will have to pay for it a tax at the rate of 55 cents per gallon, and there ought to be realized from this tax of 55 cents per gallon annually between \$3,000,000 and \$4,000,000 to the Government.

In the fiscal year ending June 30, 1910, there were used for fortification purposes 4,888,445 gallons; for the fiscal year ending June 30, 1911, 5,101,517.5 gallons; for the fiscal year ending June 30, 1912, 6,322,303.9 gallons; and for the fiscal year ending June 30, 1913, 4,852,872.3 gallons.

It seems to me that this matter might just as well be disposed of now as to adopt these temporary regulations and compel Congress to take up this subject again during the ensuing session; in any event, before December 31, 1915.

Mr. WILLIAMS. Mr. President, I hope this amendment will not be adopted. This entire matter was thrashed out in committee. The attempt was made before the committee to make this a permanent addition to the revenues of the country, as proposed now by the Senator from Ohio [Mr. POMERENE]. The provision as adopted in the bill was virtually what the Senator from Ohio wanted, but we insisted that it should be like the balance of the provisions—an emergency provision for an increase of revenue, temporarily, for emergency purposes.

Mr. President, this whole bill purports to be—and, unless gentlemen on the Democratic side of the Chamber are acting hypocrites and humbugs, it is—solely for the purpose of providing an increase to meet war emergency. Now the Senator from Ohio wants to engraft upon it a permanent increase in the revenues of the country. Permanence is the only quality in his amendment which constitutes a difference between his provision and that contained in the bill. He wants the exact provision which is in the bill made permanent—to become a part of the permanent revenue system of the country. If the provision in the bill be right and shall work well, then it will be the easiest thing in the world by a separate bill to continue it; but when it is continued some other tax upon the people ought to be taken off at the same time, unless it shall turn out that we shall have a permanent need for this additional revenue of some \$5,000,000, which I do not think will be the case.

I want the Senate to understand the situation as it is. As the law now stands, grape brandy, commonly called cognac, in the words of the law called wine spirits, is taxed \$1.10 a gallon, just as is whisky whenever it is used as a beverage or whenever it is used for any purpose except for fortifying sweet wines. Every country in the world that has made good wine has made that distinction in taxation of wine spirits. It is made by our law as it now is. It has resulted in our having some excellent pure and mild sweet wines. We now tax cognac grape brandy \$1.10, except when it is used in fortifying sweet wine, and then it is taxed only 3 cents. The reason why it is taxed 3 cents is simply to prevent frauds upon the revenue, so that there shall be a statistical tax whereby the Internal-Reve-

nue Department can keep run of the spirits. The reason of that is that in all countries, as I said a moment ago, this distinction has been made to encourage the fortification of wine with the distilled wine brandy instead of with cheap materials of some other sort which are deleterious to the drinker of wine, with which to fortify them—some other form of alcohol; distilled Irish potatoes, or anything else in the world.

The law as it now stands was unjust to the extent that it provided that this grape brandy could be used with a tax of 3 cents only when it was distilled upon the premises of the wine maker. As a consequence it resulted that practically the California wine men were almost the only men who could use it for fortification purposes. When other men wanted to use it for fortification purposes they had to pay \$1.10 a gallon. The committee has temporarily done away with that. If it works well, in that far, at any rate, the eastern wine growers will be all right, because we do away with that provision which says it shall be distilled upon the premises of the wine grower, so that any wine grower in Ohio may use this California brandy or any other grape brandy just as cheaply as can the California wine grower.

Now here comes the proposition by which during the life of this bill or until the expiration of this bill we provide to raise that tax from 3 cents to 55 cents. We do it because temporarily we need that addition to our revenue. If this law shall turn out to be a good thing, then it will be easy enough to make it a permanent feature of our revenue system by an act of Congress, while at the same time reducing some onerous tariff tax.

I will tell you, however, why I at present do not think it would be a good thing as a permanent feature, even if this bill treated of permanent increases to the revenues. I think that putting a high tax upon cognac will make wine growers fortify their wines with other things not so pure, not so healthful—things injurious—and I am afraid that behind it all one of the objects of it all is to burden the California wine maker, who makes wine out of a genuine wine grape with sufficient sugar of its own or nearly sufficient, with this tax in order that the man who must use more sugar and does fortify his wines with these cheap deleterious alcohols shall have a better chance to compete with him.

Another reason, however, why I do not think that it is best is this: The less even of cognac or grape brandy that is taken into the stomachs of the people as a beverage the better; because, like whisky, it is too strong; there is too much alcohol in it. The more of it, however, that is used to fortify light and healthful wines—and only a very small percentage is necessary—the less of it will be used as a beverage by the people. So I doubt the wisdom of the provision as a permanent feature of our law when I take into consideration not the wishes of the wine growers but the stomachs and nerves of the people.

However, whether I be right or whether I be wrong about that, I stand upon the proposition that I do not want a single thing in this bill to be a permanent addition to the revenues of the United States Government. We do not need any permanent addition to our revenues. We put on here, for example, a tax of 5 cents additional upon this miserable rectified whisky, and yet I would not be willing, much as I am in favor of that provision, to make it even a permanent addition to the revenues of the country. Whenever we get ready to reform the revenues of the country by a permanent bill—if we shall find that we need more revenue—I should like to see that tax continued and to see it made 10 cents instead of 5 cents—but I am not willing to have this bill encumbered with any permanent features whatsoever, not even a tax on rectified whisky; I am not willing to have the enemies of the Democracy say that, under the guise of passing a bill providing for temporary increase of the revenue in order to meet emergencies, we have added so much here and so much there to the permanent revenues of the country.

Mr. WEST. Mr. President, it is my purpose to detain the Senate for only a short time in the consideration of the pending measure; yet in view of much that has been said I deem it my duty not to permit the occasion to pass without submitting some reflections, for as the session now approaches its close I am fully aware that I shall not again have an opportunity to submit any remarks upon this, any kindred, or unrelated subject. In these remarks I purpose submitting I shall not enter into any of the details of this bill, as they have been fully and ably discussed by others.

In discussing the question it is not my purpose to wander afield in order to arraign the opposing political party for any carping criticisms or unjust animadversions indulged in while they have been arraigning the present administration for the conditions rendering necessary the pending legislation.

It was all right, pursuant to good party loyalty and discerning judgment, for the Republican Members, whose party was then in

power, in 1898, to pass through Congress a bill for the purpose of raising revenue to carry on a war with Spain for the liberation of Cuba almost on all fours with the bill now being considered by the Senate. That no doubt was the policy to pursue. But why should the present administration be so mercilessly arraigned for pursuing the same course? Forsooth, because we are not actually engaged in war. It is not my purpose to be drawn into any discussion of the tariff at this time in order to vindicate the righteousness of this emergency revenue bill.

The other side of the Chamber contends that there should have been no necessity at this time for the pending measure, because no actual war was being waged by the United States with any country, but, on the contrary, our relations with all nations were those of profound peace.

While it is not my province to charge any insincerity to those who have so unsparingly indicted the administration for the pending measure, I wish to say there is a much stronger reason for the passage of this bill than there was the emergency revenue bill in 1898, even though no war darkens the horizon of our country now.

While the war between the United States and Spain was being waged all the channels of trade were open, even with the United States, and with all the countries of the world save that of Spain. Prosperity reigned in almost every land at that time. How about the situation now? Commercial paralysis and universal stagnation reign supreme everywhere.

Take Brazil and other countries of South America. Prosperous when we were engaged in a war with Spain, now, with their industrial channels clogged, depressed, and financially paralyzed, without adequate financial resources to carry on their accustomed and legitimate business. In the fertile valleys of the Nile similar conditions now prevail.

Turning to the Orient, view the situation in that far-off land, and we find the same financial stress prevailing there. And, indeed, in every country where civilization has planted the banner of peace our gaze is still met with financial troubles and general business disturbances, if not general industrial paralysis.

The present administration has been taken to task about the financial situation in the United States. As it has already been fully explained why dutiable articles have been kept from our shores by the unparalleled internecine struggle—the war of all the ages—now prevailing over almost the whole of Europe, I shall not pause in these brief remarks to discuss the tariff. The fact of the existence of a great war in the countries from which the United States receive the great bulk of their imports furnishes proof conclusive that this source of revenue would be materially reduced.

Now, as to our money, and especially our gold. Of course, all the countries involved in this war were seeking to unload their securities upon this country, and they wanted in payment gold.

It has been truly said, "Gold loves universal peace"; and when the lurid clouds of war darken the horizon, it vanishes to remain in hiding until the glad sun of peace sheds a halo of glory over the world. It seems to me impossible for the United States to escape the serious burden that must fall with a heavy hand upon almost every nation, and this Government, though not actively participating in the war, must bear a greater burden than when she was engaged in the War with Spain.

But in this great Chamber, perhaps one of the greatest, if not the greatest, deliberative body on earth, it has occurred to me that if the debates were less acrimonious at times, less vindictive in their character, partaking less of the nature of the hustings in heated campaigns, it would better promote the general welfare of this great Republic. I know full well that members of opposing political parties look at great public questions from different angles, thereby creating an honest difference of opinion; but when the heat of the discussion is over, let us be able to utter these beautiful thoughts:

What, though the waters of the sullen fen may seem to pollute the snowy bosom of the swan, they fall off from her expanded wings, and pure as a spirit she rises into the heavenly ether and descends again into her own silver lake, stainless as the water lilies floating around her breast.

I wish to say, inasmuch as an amendment has been offered to this bill by my colleague designed for the relief of the farmers who raise cotton in the South, that I am greatly in sympathy with them in their dire distress; for this great industry, on account of the countries now involved in this European war consuming nearly 60 per cent of the crop produced annually in the South, is languishing to an extent not equaled since the time during the continuance of the War between the States. While I am fully persuaded that the Government should render to this distressed and sorely oppressed people such aid as can be afforded under the laws and Constitution of the United States, coming within the pale of absolute safety to the Government, I can not give my consent to the passage of the pending amend-

ment, for it seems to me that it is a clear and palpable invasion of the reserved rights of the sovereign States. What has the General Government to do with limiting the acreage of cotton planted in the South?

What right has the United States to levy a tax on cotton produced over a certain amount, and especially when the tax so levied is not for the purpose of raising revenue to defray the expenses of administering the affairs of the Government but levied merely as a penalty? To state the proposition argues the question, and it follows as a necessary corollary that if the United States have the authority under their delegated powers to impose this tax, not even for the purpose of revenue, then the General Government has the right to exercise any and all police powers and levy any and all taxes, even to the extent of confiscation of all property rights.

In dealing with the rights reserved to the States I am reminded that among the picked intellects of this great Nation none surpassed in force and power that of John C. Calhoun, who, peering into the future of this Republic, thus stated the principle:

There appears, indeed, to be a great and prevailing principle that tends to place the delegated powers in opposition to the delegating—the created to the creating power—reaching far beyond man and his works, up to the universal source of all power. This all-pervading principle is at war in our system—the created warring against the creating power—and unless the Government is bolted and chained down with links of adamant by the hand of the States which created it, the creature will usurp the place of the creator and universal political idolatry overspread the land.

But I shall not consume the time of the Senate by entering upon any extended argument as to the reserved rights of the States. I am persuaded, however, under our system of Government, where the creature, the agent so to speak, makes and administers the law of the General Government, the creating power being made by time and construction inferior in its legislation and administration, that the National Legislature is too prone to usurp the rights reserved to the States.

I was reminded of this when the antitrust legislation was pending before the Senate. I should prefer to remain in the doldrums, in the dead sea of trouble and inactivity, than to see the great ship of state driving ahead in the dense fog of doubt, with the frowning Scylla on the one hand or the roaring Charybdis on the other. It is better to cast anchor in the harbor of safety than be engulfed in the everwidening maelstrom that at times seems to await us, even though the immediate future may be laden with bright auspices.

I take this occasion to say, in concluding my remarks, that beyond the assumption on the part of the General Government of the reserved rights of the States that we are, in my judgment, creating by legislation too many bureaus and commissions.

If we continue in this Government to multiply bureaus and commissions, then in the not distant future every farmer as he wends his way in the early morn to break the "stubborn glebe" will take upon his back his Government employee; every hod carrier as he mounts the rungs of the ladder with his wonted load will have, too, upon his shoulders a Government employee; and every man engaged in the industrial walks of life, be he high or low, rich or poor, will go forth to his daily toil with this additional burden.

When this time comes, as surely it must if a halt is not called, we shall have a Government, a great consolidated nationality, totally at variance with the great fundamental principles that guided the fathers of this Republic in molding and shaping this beautiful fabric to serve as a model for other nations of the earth.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Ohio [Mr. POMERENE].

Mr. POMERENE. On that I ask for the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. CHILTON (when his name was called). I have a general pair with the senior Senator from New Mexico [Mr. FALL]. I do not know how he would vote on this question, and therefore withhold my vote. I desire to be counted for a quorum.

Mr. CLARKE of Arkansas (when his name was called). I have a pair with the junior Senator from Utah [Mr. SUTHERLAND]. He is not present. If I were at liberty to vote, I should vote "yea."

Mr. GORE (when his name was called). I desire to announce my pair with the junior Senator from Wisconsin [Mr. STEPHENSON], and wish to be counted as present.

Mr. JOHNSON (when his name was called). I have a pair with the junior Senator from North Dakota [Mr. GRONNA]. In his absence I withhold my vote. If at liberty to vote, I would vote "nay."

Mr. OLIVER (when his name was called). I have a general pair with the senior Senator from Oregon [Mr. CHAMBERLAIN], and therefore withhold my vote.

Mr. THORNTON (when Mr. RANDELL's name was called). I announce the necessary absence of my colleague [Mr. RANDELL], and wish to have this announcement stand for the day.

Mr. MARTINE of New Jersey (when Mr. ROBINSON's name was called). I beg to say that the junior Senator from Arkansas [Mr. ROBINSON] is detained at his home by illness.

Mr. SMITH of Georgia (when his name was called). I have a pair with the senior Senator from Massachusetts [Mr. LODGE], and therefore refrain from voting.

Mr. SMITH of Michigan (when his name was called). I have a pair with the junior Senator from Missouri [Mr. REED]. I transfer that pair to the senior Senator from Illinois [Mr. SHERMAN] and will vote. I vote "nay."

Mr. VARDAMAN (when his name was called). I have a general pair with the junior Senator from Idaho [Mr. BRADY]. In his absence I withhold my vote.

Mr. WARREN (when his name was called). I have a general pair with the senior Senator from Florida [Mr. FLETCHER]. I do not see him in the Chamber. I transfer that pair to the senior Senator from Connecticut [Mr. BRANDEGEE] and vote "nay."

Mr. WILLIAMS (when his name was called). I transfer my pair with the senior Senator from Pennsylvania [Mr. PENROSE] to the junior Senator from Louisiana [Mr. RANDELL]. I wish this announcement to stand for the day. I vote "nay."

The roll call was concluded.

Mr. LEA of Tennessee. I transfer my pair with the senior Senator from South Dakota [Mr. CRAWFORD] to the senior Senator from Alabama [Mr. BANKHEAD] and will vote. I vote "yea." I make this announcement of my pair and its transfer for the day, except on cotton amendments.

Mr. CULBERSON. I transfer my pair with the senior Senator from Delaware [Mr. DU PONT] to the junior Senator from Arkansas [Mr. ROBINSON] and will vote. I vote "yea."

Mr. TOWNSEND. I desire to announce that the senior Senator from Ohio [Mr. BURTON] is necessarily absent from the Senate. He is paired with the junior Senator from Arizona [Mr. SMITH]. This announcement may stand for the day.

Mr. PAGE. I desire to announce that my colleague [Mr. DILLINGHAM] is necessarily absent. He is paired with the senior Senator from Maryland [Mr. SMITH]. This announcement may stand for the day.

Mr. SMOOT. I desire to announce the following pairs:

The junior Senator from New Mexico [Mr. CATRON] with the senior Senator from Oklahoma [Mr. OWEN];

The junior Senator from Rhode Island [Mr. COLT] with the junior Senator from Delaware [Mr. SAULSBURY].

The senior Senator from New Hampshire [Mr. GALLINGER] with the junior Senator from New York [Mr. O'GORMAN]; and

The junior Senator from West Virginia [Mr. GOFF] with the senior Senator from South Carolina [Mr. TILMAN].

Mr. CHILTON. I transfer my pair, heretofore announced, to the junior Senator from Maryland [Mr. LEE] and will vote. I vote "yea."

Mr. O'GORMAN (after having voted in the affirmative). When I voted a moment since I omitted to state that I transferred my pair with the senior Senator from New Hampshire [Mr. GALLINGER] to the senior Senator from Illinois [Mr. LEWIS].

Mr. WHITE. I desire to announce the absence of my colleague [Mr. BANKHEAD], who has gone to South Carolina to address the legislature of that State. This announcement may stand for the day.

Mr. HOLLIS. I announce my pair with the junior Senator from Maine [Mr. BURLEIGH], and transfer that pair to the senior Senator from Nevada [Mr. NEWLANDS] and vote "nay."

The result was announced—yeas 18, nays 31—as follows:

YEAS—18.

Ashurst	Kern	Pomerene	Thompson
Camden	Lea, Tenn.	Sheppard	Walsh
Chilton	Martine, N. J.	Shively	White
Culbertson	Myers	Smith, S. C.	
James	O'Gorman	Stone	

NAYS—31.

Bristow	McCumber	Root	Thomas
Bryan	McLean	Shafroth	Thornton
Clark, Wyo.	Nelson	Shields	Townsend
Hollis	Norris	Simmons	Warren
Hughes	Overman	Smith, Mich.	Weeks
Jones	Page	Smoot	West
Lane	Perkins	Sterling	Williams
Lippitt	Polindexter	Swanson	

NOT VOTING—47.

Bankhead	Cummins	La Follette	Robinson
Borah	Dillingham	Lee, Md.	Saulsbury
Brady	du Pont	Lewis	Sherman
Brandegee	Fall	Lodge	Smith, Ariz.
Burleigh	Fletcher	Martin, Va.	Smith, Ga.
Burton	Gallinger	Newlands	Smith, Md.
Catron	Goff	Oliver	Stephenson
Chamberlain	Gore	Owen	Sutherland
Clapp	Gronna	Penrose	Tillman
Clarke, Ark.	Hitchcock	Pittman	Vardaman
Colt	Johnson	Ransdell	Works
Crawford	Kenyon	Reed	

So Mr. POMERENE's amendment was rejected.

Mr. SIMMONS. Mr. President, the Secretary has called my attention to one amendment that has not yet been adopted, which was passed over at the instance of the Senator from Utah [Mr. SMOOT]. It is with reference to commercial brokers and commission merchants, I think.

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. On page 9 of the bill, the committee proposes to insert:

Tenth. Commission merchants shall pay \$20. Every person, firm, or company whose business or occupation it is to receive into his or its possession any goods, wares, or merchandise to sell the same on commission shall be regarded as a commission merchant: *Provided*, That this provision shall not apply to commission houses run upon a co-operative plan.

Mr. SMOOT. Mr. President, as I stated last evening, I thought that amendment ought to be considered in connection with a provision on page 7 of the bill referring to commercial brokers.

I believe that the tax of \$20 upon commercial brokers is exceedingly high in comparison with the taxes that have been imposed upon, say, customhouse brokers of only \$10, and other taxes imposed upon men doing a business of a similar character.

I also desire to call attention to the fact that \$20 is not the only tax that is imposed on the commercial broker. There are three other taxes in this bill that fall upon him, and would fall upon him if there had not been a tax of \$20 upon him for doing business. It is impossible in his business to escape them.

The first one is the 10-cent stamp required on each and every contract which is made. The commercial broker in his dealings comes in contact with every small dealer in the country. Sometimes the sales do not amount to more than \$1.50. He is in a position where he can be called upon at any time of the day for the delivery of any sort of commodity that may be asked for. Contracts are made, of course, by the brokers; but when you stop to think that a 10-cent stamp must be placed upon every contract that is made by a broker, it means that for every \$1 contract that he makes there would be one-tenth of the full contract consideration taken by the imposition of this 10-cent tax.

Another thing is that he is taxed on the telegrams he sends in answer to any order that he may receive. He is also taxed upon any telephone messages that may be sent by him.

It does seem to me that this is loading a tax upon the commercial broker to a greater degree than ought to be done. I believe the average income of the commercial broker in the United States is less than \$1,000. The figures so show, and many of them do not make more than \$75 a month, which would be only \$900 a year. I believe we could have raised revenue from a class of people that could have stood it a great deal better than the commercial brokers.

I ask the Senator having the bill in charge if he will not consent to strike out the tax on commercial brokers, because I believe he knows that the great majority of them are a class of people that do very little business and make very small incomes. You are not going to get very much revenue from this tax. It is not going to make very much difference. You have added here, on page 9, a tax of \$20 on commission merchants, and I think that is proper. I am not going to object to that provision, for a commission merchant generally handles a line of goods that sell in large quantities.

Take the commission merchant who handles a packing product of one of the large concerns, or of the canning factories, or any of the thousand and one other things that are disposed of to the wholesale merchant. They deal almost always in carload lots, and they can well afford to pay a tax of \$20, and no objection should be raised to it; but when it comes to a little broker, I do not believe he ought to be assessed \$20, or the commission merchant should also be assessed \$20.

I am not going to say anything more about it. I present the facts as they really exist, and I ask the Senator from North Carolina if he will entertain a motion to strike out, on page 7, lines 11 to 17, inclusive?

Mr. SIMMONS. Mr. President, I regret that I am unable to accede to the suggestion of the Senator from Utah. This part

of the bill was taken from the act of 1898. At the time that act was passed it was the opinion, I assume, of the lawmakers that it included commission merchants. Anyway, within a month after that act was passed there arose a controversy as to whether it did include commission merchants. That controversy was submitted to the decision of the law officer of the Government, and it was decided that it did not include commission merchants, so that the commission merchants paid no tax under that act.

Subsequently to that time Congress picked out a number of items in the act and repealed them, but I do not think that brokers were among those. They remained in the act until the act was repealed.

Mr. President, \$20 a year is a very small tax. The brokers do not all engage in a small business, but many do. It is true of all taxes imposed in this bill that they bear a little more heavily upon some because they do very little business, but there are a great many brokers who do a very large business. Let me read to the Senator the things that a broker does, as we find it in this act:

Every person, firm, or company whose business it is as a broker to negotiate sales or purchases of goods, wares, produce, or merchandise, or to negotiate freights and other business for the owners of vessels, or for the shippers or consignors or consignees of freight carried by vessels, shall be regarded as a commercial broker under this act.

The field of his activities is right broad. He buys and he sells all things which are properly articles of merchandise and are upon the market for sale or purchase.

Mr. SMOOT. No; he does not buy and sell; he negotiates.

Mr. SIMMONS. Well, he negotiates the sales. That is practically the same thing. He does not actually sell.

Mr. SMOOT. I wish to say to the Senator in this connection that \$20 is not the only tax that is imposed upon him. The great burden that will be imposed, particularly on the small broker—and there are a great many more of them than large brokers—is the 10-cent stamp required to be placed upon their agreements. In every transaction the broker makes where he negotiates there is an agreement, whereas if it were a sale the stamp would not have to be attached.

Mr. SIMMONS. Does the Senator know that the broker would pay that?

Mr. SMOOT. I think it is more likely that he would.

Mr. SIMMONS. I think it is more likely that he would require the person for whose benefit the sale was negotiated to pay it.

Mr. SMOOT. I will say to the Senator the broker has not very much say so as to what the purchaser shall pay, because he is striving with all the power at his command to make the sale as against some other broker. I do not believe he can pass it on to the purchaser.

Mr. SIMMONS. I think he does pass it on, as a matter of fact. He is simply acting as an agent and receives a commission. He does not burden his commission with any charges that are properly incident to the transaction. I do not think there are many brokers in the small towns. They operate in large towns. In the small towns there is the commission merchant, not the broker. It is in the larger towns, I take it, that the brokers are engaged in this business of negotiating sales or purchases.

Mr. SMOOT. They are not only in the large towns, but in the small towns.

Mr. SIMMONS. When I say a small town, I mean a town of fifteen or twenty thousand inhabitants. I do not recall in the town in which I live, which has 15,000 or 16,000 inhabitants, that there are any commercial brokers, but there are commission merchants.

I regret very much that I can not yield to the Senator's request.

Mr. SMOOT. I know it is useless to make a motion to strike out if the Senator having the bill in charge will not agree to do it. I do not want to take a minute of the time of the Senate unnecessarily, and therefore I am not even going to offer the amendment.

Mr. SIMMONS. I want to say to the Senator I am advised that there are only about 12,000 of these commercial brokers in the country, and the amount of revenue is not great. It was only about \$198,000 under the old law.

Mr. SMOOT. Twelve thousand brokers paying \$20 each would be \$240,000. I wish to say in this connection that of those 12,000 men 10,000 of them do not make a thousand dollars a year.

Mr. SIMMONS. I think the Senator is mistaken about that. Mr. SMOOT. I will say, further, that \$20 may seem to be a small amount for a man to pay, but it is not a small amount for a man to pay when his salary is less than a thousand dol-

lars, and particularly when he has to pay 1 cent on every telephone message and has to pay 1 cent upon every telegram he sends, and particularly also when he has to pay 10 cents upon every contract made. That is not the case with the commission merchant and that is not the case with merchants generally, but it is the case with the commercial broker.

I have said, Mr. President, all I care to say about it.

Mr. SIMMONS. I am assuming that the commercial broker will pass on the expense of telegraphing and telephoning to the extent that there are stamped instruments as evidences of transactions.

Mr. WHITE. Mr. President, I should like to know if the chairman of the committee has considered the number of small brokers. My idea is that there are a vast number of small brokers even in the larger cities.

Mr. SIMMONS. I have just stated that the number is only about 12,000.

Mr. WHITE. Would that include all?

Mr. SIMMONS. Yes. I think the Senator has in mind commission merchants also.

Mr. WHITE. No; I have not. I am speaking now of commercial brokers. There is very much greater reason to tax commission merchants than there is to tax these commercial brokers.

Mr. SMOOT. Absolutely.

Mr. WHITE. These brokers are very small men in their affairs. Many of them do not make \$300 a year. They do it possibly as a little side line to something else. There is a vast number of them, even about the larger cities, who negotiate sales. I would be very glad indeed if the chairman of the committee could see his way clear to accept the amendment suggested by the Senator from Utah.

Mr. SIMMONS. I regret that I can not. There are some of them who do small business and others do enormous business, and we have made the tax just as low as we thought we could to tax them at all. It is the same tax that was imposed in the act of 1898, and it was not repealed until that act was repealed, although a great many items in the act were repealed between the time of its enactment and the final date of repeal. I do not think it would work any greater hardship—in fact, not so great a hardship—now as it did then. I believe it is all right.

Mr. WHITE. Another thing I should like to suggest, and that is that business of all kinds is now very much embarrassed and these brokers are doing very little business.

Mr. SIMMONS. On that account we struck out of the bill brokers altogether. We supposed that the brokers proper are not now doing any business at all.

Mr. WHITE. I think that is true, but the commission business is doing very little indeed.

Mr. SMOOT. I will say to the Senator from North Carolina that, in my opinion, it would have been very much better if we had assessed the stock broker who sells stock rather than to impose a tax upon a little commercial broker, who, when times are at the very best, hardly makes a thousand dollars a year.

The PRESIDING OFFICER (Mr. OVERMAN in the chair). The question is on the adoption of the amendment of the committee.

The amendment was agreed to.

Mr. WEEKS. I wish to ask the Senator from North Carolina if all the committee amendments have been considered?

Mr. SIMMONS. All that we want at present to offer.

Mr. WEEKS. That being the case, I should like to call up an amendment I offered in behalf of the Senator from Illinois [Mr. SHERMAN] and make a very brief statement.

The PRESIDING OFFICER. The amendment will be read.

The SECRETARY. October 8, in behalf of Mr. SHERMAN, of Illinois, on page 32 strike out lines 19 to 24, inclusive.

Mr. WEEKS. That amendment was written applying to the first draft of the bill. It should read "on page 31 strike out lines 10 to 15, inclusive." It is the same language on another page, that is all.

The SECRETARY. The lines read as follows:

Upon each sale, agreement of sale, or agreement to sell, any products or merchandise at any exchange, or board of trade, or other similar place, either for present or future delivery, for each \$100 in value of said sale or agreement of sale or agreement to sell, 1 cent, and for each additional \$100 or fractional part thereof in excess of \$100, 1 cent.

Mr. WEEKS. I wish to read a telegram that I have here and to make a brief comment on it.

Mr. SMOOT. I should like to have the Secretary read the amendment again. I did not get it all.

The PRESIDING OFFICER. The amendment will be again read.

The Secretary again read the amendment.

Mr. SIMMONS. I should like to say to the Senator from Massachusetts that the committee offered an amendment to that part of the bill.

Mr. WEEKS. Will the Senator wait one moment, while I read the telegram? After I had offered that amendment for the Senator from Illinois I received this telegram:

CHICAGO, ILL., October 9, 1914.

Hon. JOHN W. WEEKS,
United States Senate, Washington, D. C.:

The producers, grain dealers, and all others interested are indebted to you for the presentation of amendment to H. R. 18891 to eliminate the tax on products sold in the principal market places of the country, called exchanges and boards of trade. I do not believe Senators understand the discrimination which this section contains. It plainly taxes the same product sold in one place and not in another. To give you an idea of what this tax covers, would state that the receipts of grain at western primary markets to-day were nearly 4,000,000 bushels, and at the seaboard markets nearly 2,000,000 bushels. All of this grain would be taxed once and often more under the practical operation of the bill. Grain crops are big propositions; they move in large volume. It is absolutely necessary to have large, organized markets for the benefit of producers and consumers, for domestic as well as export trade. We do not believe either the Congress or the President desire to put a special and discriminative tax on foodstuffs and cotton.

C. H. CANBY,
President Board of Trade of the City of Chicago.

Mr. President, I take it the amendment which the committee has offered, which is on page 32 of the bill now under consideration, would prevent the duplication of the taxation of these products, or at least those which are intended for exportation; but it seems to me there is a point which ought to be considered, and that is whether at this time, under these conditions, it is the intention and desire of Congress to levy a tax on grain, which is not being protected by any duty and of which there are large quantities of some kinds coming into the country, and especially to levy a duty on cotton. If the cotton crop this year pays this tax, it will amount to \$75,000, assuming that the price is 10 cents a pound.

I think Senators will agree with me that cotton has troubles enough at this time, and that in any case this proposition should be so modified that sales for immediate delivery should be free from this tax. It may be that sales for future delivery, which would cover the larger part of the sales, I take it, might with propriety have the tax imposed, because they would include some speculative sales, and nobody could object to sales of that kind being taxed. But it does seem to me, under these conditions, to tax cotton and to tax grain intended for immediate delivery is unwise and unsound legislation.

Mr. SIMMONS. I do not think it was the intention of the committee to tax the class of transactions to which the Senator refers and to which the telegram he read refers.

Mr. CLARKE of Arkansas. Let me ask the chairman of the Committee on Finance if this is not an exact reproduction of the clause in the Spanish War tax act?

Mr. SIMMONS. That is what I was going to state.

Mr. CLARKE of Arkansas. It was decided by the Supreme Court of the United States that it does not apply to a sale of present delivery, but upon the privilege of buying on one of the organized stock exchanges. That is a bucket-shop tax, and it is the only way to tax those nefarious transactions. Instead of being limited as it is, it ought to be fifty times as much.

Mr. WEEKS. That being the case, should not the wording of the provision be changed? I did not know that the Supreme Court had passed on the matter.

Mr. CLARKE of Arkansas. It is Nicol against Ames, One hundred and seventy-third United States.

Mr. WEEKS. But the reading of this bill is for present and future delivery.

Mr. SIMMONS. I will state to the Senator that that part of the bill is an exact copy of the old act. We simply brought in the language of that act. I will state further to the Senator that in 1901, within three years after the act was passed, Congress passed an act to amend it, and I think that amendment was intended to relieve any doubt about this matter.

Mr. CLARKE of Arkansas. I can not hear the Senator from North Carolina.

Mr. SIMMONS. I say this provision of the bill which the Senator from Massachusetts desires to strike out is an exact copy of the law as it was written in the act of 1898, and in 1901 Congress amended that section and the Senate committee reported an amendment covering the provision. I do not know whether the Senator from Arkansas is familiar with that or not.

Mr. CLARKE of Arkansas. I am familiar with the general doctrine evolved by the amendment and the construction by the Supreme Court. There is no possibility of its applying to sales of present delivery, because they never deal in these exchanges in articles for present delivery. Those transactions take place with commission merchants.

Mr. SIMMONS. I will state to the Senator that that was the view of the committee, and we thought that this referred to paper transactions made on the exchange.

Mr. CLARKE of Arkansas. Altogether.

Mr. SIMMONS. And not to transactions involving actual delivery.

Mr. CLARKE of Arkansas. Judge Peckham in his opinion decided that if the tax were on a present transaction accompanied by a delivery outside of the exchange it would be a direct tax and could only be sustained as a tax on the privilege of dealing on these organized exchanges.

Mr. WEEKS. The Senator from North Carolina and the Senator from Arkansas are much more familiar with this subject than I am. It is not one in which my constituents are directly interested in any way. I presented the amendment for the Senator from Illinois, but it did seem to me that if we are going to tax actual sales of grain and of cotton—I mean sales for delivery—in any form it was an inadvisable tax.

Mr. CLARKE of Arkansas. The objection to the tax came from the Chicago grain exchanges when it reached the Supreme Court and formed the basis of the decision to which I have referred. They are not satisfied with it out there. The bucket shops, as a general rule, do not like this tax.

Mr. SIMMONS. I suggest to the Senator from Massachusetts that he examine the decision to which the Senator from Arkansas has referred and see if it does not cover the case. That was our idea. We wanted to tax transactions that took place in the exchange, paper transactions which might involve future delivery where it was not likely that there would be actual delivery, but a stock-exchange transaction pure and simple.

Mr. WEEKS. Mr. President, I should like to have the attention for a moment of the Senator from Arkansas, who is very familiar with this subject and refers to these as exchange transactions. I asked a manufacturer within a couple of days why he did not buy a year's supply of cotton at the present price, and his reply was that he would be glad to do it, but he could not buy the cotton and be sure of having delivered to him the kind of cotton he wished to use in his business. In other words, he would normally go to the exchange and buy his cotton; that he would buy cotton of a certain grade and he would be sure that the cotton would be delivered; but that now he is not buying cotton except from hand to mouth, because he can not be sure, under the present conditions, that he is going to get the cotton he needs. Would not this provision tax the kind of cotton that a manufacturer wishes to buy?

Mr. CLARKE of Arkansas. If the spinner wanted actual cotton, he would not normally go to an exchange; he would abnormally go there to speculate on some feature involved in the general contract. If he wanted to buy actual cotton he would go South where it could be found and contract with some responsible dealer to furnish so many bales of a certain grade. The cotton is there and it would be delivered. If he goes to the New York Cotton Exchange, he is liable to get any one of nine grades. Of course he could not get the cotton he wants.

Mr. WEEKS. May I ask the Senator if it is not true that very largely cotton manufacturers, especially in the North, buy through the exchange?

Mr. CLARKE of Arkansas. They hedge against an actual purchase of cotton. They gamble. They lose as much on one as they gain on another. This is not a purchase proposition at all. It is a hedging or insurance proposition, as they denominate it.

Mr. SMITH of Georgia. I should like to ask the Senator from Arkansas if he is sure that exchanges like the Memphis exchange are not exchanges in which they sell for immediate delivery and not at all for future delivery?

Mr. CLARKE of Arkansas. That is true. They really do not sell cotton at all. The brokers assemble there to get reports from the organized exchanges. The brokers who constitute the membership of the local exchange in Memphis have quantities of cotton in their possession which they sell to actual purchasers. They never make any future delivery or contract for future delivery on the Memphis board.

Mr. SMITH of Georgia. Do they make contracts with the manufacturers for immediate delivery?

Mr. CLARKE of Arkansas. I would not say about that.

Mr. SMITH of Georgia. I was under the impression that they sold there?

Mr. CLARKE of Arkansas. One can hardly call the Memphis organization an exchange, because their prices are controlled by the prices transmitted from New York, Liverpool, and New Orleans. They do not make the prices there. The brokers assemble there for the purpose of getting information directly and reliably, and go back to their offices to sell cotton, actual cotton, to purchasers on the basis fixed there.

Mr. WEEKS. I think there is an exchange in Augusta, Ga. Would a manufacturer go to that exchange now and buy cotton of the kind he wishes to use or wants?

Mr. CLARKE of Arkansas. He will find some member on that exchange who would have that particular cotton, and he would agree to sell it, and if he did not have it he could tell him the locality where he could get exactly that kind—the actual cotton.

Mr. WEEKS. To be delivered immediately or three months afterwards?

Mr. CLARKE of Arkansas. That would depend altogether on the terms of the contract.

Mr. WEEKS. Then that would be a future delivery.

Mr. CLARKE of Arkansas. That is not an organized cotton exchange, because there are only three such exchanges in the world—one in Liverpool, another in New York, and another in New Orleans.

Mr. WEEKS. May I call the attention of the Senator to the reading of this bill?

Mr. CLARKE of Arkansas. That has been construed to mean such exchanges as are governed by the rules of the principal exchanges, and it ought to be so, because they do the same business in the same way, and they ought to be put upon the same plane with reference to the penalizing provisions of the law.

Mr. SIMMONS. I think the amendment proposed by the committee ought to be changed slightly. In the absence of the decision of the Supreme Court of the character indicated by the Senator from Arkansas, I think it would certainly cover the case he has in mind. The amendment reads this way:

That no bill, memorandum, agreement, or other evidence of such sale, or agreement of sale, or agreement to sell, in case of products or merchandise actually delivered to, and while in vessel, boat, or car, and actually in course of transportation—

And so forth.

It has been contended that that would limit the exception to products that were sold while in vessels and boats, and probably it may be obnoxious to that objection. Suppose it was amended so as to read:

In case of products or merchandise actually delivered or while in vessel, boat, or car, and actually in course of transportation.

It would then cover an actual delivery, and, in addition to that, it would cover a case where there was only a technical delivery while it was in course of transportation.

Mr. WEEKS. Mr. President, I suggest to the Senator the committee should examine the court decision in that matter.

Mr. SIMMONS. I am willing to make that amendment.

Mr. CLARKE of Arkansas. Which amendment, may I ask the Senator?

Mr. SIMMONS. The amendment offered by the committee reads this way:

That no bill, memorandum, agreement, or other evidence of such sale, or agreement of sale, or agreement to sell, in case of products or merchandise actually delivered to, and while in vessel, boat, or car, and actually in course of transportation,

I would suggest that the amendment might be changed so as to apply to products or merchandise actually delivered.

Mr. CLARKE of Arkansas. Contemporaneously with the sale.

Mr. SIMMONS. Yes.

Mr. CLARKE of Arkansas. That is all right. If you will insert the words "contemporaneously with the sale," it is all right. It would not be a future speculative transaction.

Mr. SIMMONS. I think the suggestion of the Senator is a good one.

The PRESIDING OFFICER. The question is on the adoption of the amendment offered by the Senator from Massachusetts [Mr. WEEKS]. Does the Senator from Massachusetts accept the amendment proposed by the Senator from North Carolina?

Mr. SMITH of Georgia. I wish to make this suggestion to the Senator from Massachusetts, that it may go into the Record: I am sure that there are strong cotton firms scattered through the South that would take the orders and fill them for any kind of cotton that manufacturers might need, although they are not conducting cotton exchanges.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Massachusetts.

Mr. WEEKS. Mr. President, I will adopt the suggestion which has been made by the chairman of the committee and withdraw the amendment. I hope the committee will examine the court decision to which the Senator from Arkansas [Mr. CLARKE] has called attention, so as to be sure that we are getting the legislation for which the paragraph seems to provide. With that understanding, I will withdraw the amendment which I offered in behalf of the Senator from Illinois.

Mr. CLARKE of Arkansas. The case is reported in One hundred and seventy-third United States Supreme Court Reports, under the name of Nicol against Ames.

The PRESIDING OFFICER. Without objection, the vote by which the amendment just referred to was adopted will be reconsidered.

Mr. SIMMONS. Mr. President, I offer the amendment to the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment to the amendment proposed by the Senator from North Carolina will be stated.

The SECRETARY. On page 32, in the committee amendment, in line 16, after the words "actually delivered," it is proposed to strike out the word "to" and the comma after that word, and the word "and," and to insert "at the time of sale or," so that if amended it will read:

That no bill, memorandum, agreement, or other evidence of such sale, or agreement of sale, or agreement to sell, in case of products or merchandise actually delivered at the time of sale or while in vessel, boat, or car—

And so forth.

The PRESIDING OFFICER. Without objection, the amendment to the amendment is agreed to. The question recurs on the adoption of the amendment as amended.

The amendment as amended was agreed to.

Mr. SMOOT. Mr. President, on page 41 of the bill the committee last night offered an amendment, which was adopted, to the passage-ticket paragraph, so as to make it read as follows:

Passage ticket, for each passenger, sold in the United States for passage, by any vessel to a foreign port or place, if costing not exceeding \$30, \$1; costing more than \$30 and not exceeding \$60, \$3.

I heartily approve of the wording of the amendment of the paragraph, because it removes a discrimination against the American ticket agents as against the ticket agents in Canada; but I do believe that the limit of cost of the ticket should be changed if the spirit of the bill in other respects is to be maintained; in other words, a foreign third-class ticket generally costs more than \$30. I think the limit ought to be \$45 if the intention is to tax the steerage passenger but \$1. The bill as it now stands will tax every steerage passenger under the second bracket \$3. I do not believe that that was the intention. It seems to me that it ought to read: "If costing not exceeding \$45, \$1; costing more than \$45 and not exceeding \$75, \$3; costing more than \$75, \$5." Or it might read, and be just as effective, as follows: "Steerage, third class or third cabin, \$1; second class or second cabin, \$3; first class or first cabin, \$5." Then there would be no question as to the value of the ticket, whether it increased or decreased in price; but the passenger would pay according to the class of ticket purchased. There would be justice in that.

I do not believe that a steerage passenger ought to pay a tax equal to a second-class passenger, and in the manner in which the bill is drawn that will be the result, because the value under the first bracket is too low. I will ask the Senator having the bill in charge if the intention of the committee was not to make a difference between steerage passengers, second-cabin passengers, and first-cabin passengers?

Mr. SIMMONS. I will say to the Senator that the committee had a great many representations before them, which they understood came from shipping interests, insisting that this minimum limit should be raised from \$30 to \$40. We considered the matter very thoroughly and decided to let the rate as fixed in the House bill remain. Thirty dollars or below \$30 has been the rate heretofore. Recently they have raised that rate somewhat, as I understand; but the suggestion was made that that increase grew largely out of the great rush for tickets since the breaking out of the European war.

Mr. SMOOT. The price of the tickets was raised to \$45 before the European war broke out.

Mr. SIMMONS. It was thought that was but a temporary cause, and that probably \$30 or less than \$30 would cover most of the steerage tickets. Most of the people who buy these tickets are Italians who come over here, work a while, make some money, and then go back home.

Mr. SMOOT. We could reach that class of people in a very much better way, it seems to me, than in this way. I thought the proper way in which to reach that class of people would be to impose a stamp tax upon all foreign money orders. Then we would reach the ones who come over here for the simple purpose of making money with no idea of remaining. As soon as they get sufficient on which to live in their home country, they take what money they have saved in this country and leave. In most instances they do not even wait until they leave, but they send the money home by foreign money orders. I thought it might

be a very good way to reach that class of people by imposing a stamp tax upon foreign money orders.

Mr. SIMMONS. That would come within the purview of the decision of the Supreme Court, in which it was held that a tax of that sort would be a tax upon exports and therefore within the condemnation of the Constitution.

Mr. SMOOT. I had thought that perhaps might be the case, but in looking the matter up I can not find any decision that would apply to a foreign money order.

Mr. SIMMONS. But it would apply to a bill of exchange.

Mr. SMOOT. Yes; it would apply to a bill of exchange.

Mr. SIMMONS. But in what respect in principle are they different?

Mr. SMOOT. We are not now considering bills of exchange.

Mr. SIMMONS. I want to say frankly to the Senator from Utah that we very thoroughly considered this matter; we read a great many protests in reference to it. They came chiefly from the shipping people, as we understood from shipowners, who did not want their transportation burdened any more than possible. We felt that most of the steerage passengers, the people we have just been talking about, constituted the bulk of that class of transportation, and that most of the tickets would be within the minimum limits that we have fixed.

Mr. SMOOT. Mr. President, in order that the question of the price of the ticket may not be considered at all; that the steerage ticket, no matter what it may cost, shall only have a tax imposed upon it of \$1, the second-class ticket a tax of \$3, and the first-class cabin ticket a tax of \$5, I offer the following amendment: I move to strike out all of the paragraph after the word "place," on page 41, line 12, beginning with the word "if," down to and including the figures "\$5," and to insert "steerage, third class or third cabin, \$1; second class or second cabin, \$3; first class or first cabin \$5."

Mr. SIMMONS. Does not the Senator from Utah see, if he will pardon an interruption, that that would impose as high a rate upon the steerage ticket from this country to Cuba as it would upon a steerage ticket from this country to Europe or even to China?

Mr. SMOOT. I think that is the case with all of such taxation. It is not a question of how far the person may travel, but it is the issuing of the ticket which is taxed. That is why it would be just and right. Everybody purchasing a ticket would be assessed the same. The same principle which the Senator from North Carolina now suggests may apply to a railroad ticket. A person has to pay the same tax upon a railroad ticket from here to Baltimore that he would have to pay on a ticket from here to San Francisco.

Mr. SIMMONS. Yes; but we are not taxing the ticket here; we are taxing the fare.

Mr. SMOOT. Mr. President, the principle is exactly the same. I offer the amendment which I have sent to the desk.

The PRESIDING OFFICER. The amendment proposed by the Senator from Utah will be stated.

The SECRETARY. On page 41, beginning in line 12, it is proposed to strike out the words "if costing not exceeding \$30, \$1; costing more than \$30 and not exceeding \$60, \$3; costing more than \$60, \$5." And in lieu of the words stricken out to insert:

Steerage, third class or third cabin, \$1; second class or second cabin, \$3; first class or first cabin, \$5.

The PRESIDING OFFICER. The question is on the amendment proposed by the Senator from Utah.

The amendment was rejected.

Mr. SMOOT. I do not want to take the time of the Senate by calling for the yeas and nays on the amendment. I will be content to abide by the vote, although I think there were but 2 votes "aye" and 1 vote "no."

Mr. President, there is one other item to which I desire to call attention. The amendment offered by the committee to the House bill, on page 8, reads as follows:

Where a charge for admission is made, having a seating capacity of not more than 300, shall pay \$25; having a seating capacity of more than 300 and not exceeding 600, shall pay \$50; having a seating capacity exceeding 600 and not exceeding 1,000, shall pay \$75; having a seating capacity of more than 1,000, shall pay \$100.

I have a number of letters from members of the Motion Picture Exhibitors' League in different parts of the country virtually recommending this amendment; but I have also received in the last few days a number of telegrams from organizations representing the moving-picture people, complaining of the scale adopted. The telegrams state that their understanding was that the scale to be approved was a tax of \$10 on such exhibitions up to 1,000 seating capacity and \$50 over 1,000 seating capacity.

I simply make this statement, Mr. President, because of the answers which I have made to some of the letters and telegrams I have received in the past. I believe that the committee acted upon the recommendation of the Moving Picture Exhibitors'

League of America, and from letters which I have seen from the vice president of that league I understand that he recommends the tax as imposed in this amendment.

Mr. SIMMONS. That is true.

Mr. SMOOT. Therefore, Mr. President, I shall offer no amendment to the provision as it stands, and shall inform the different members of the league who have telegraphed to me yesterday and to-day that the amendment has been approved by the vice president of the Moving Picture Exhibitors' League of America. I will ask the Senator from North Carolina if his understanding is not the same as mine in respect to this matter?

Mr. SIMMONS. Mr. President, the Senator has exactly stated the facts, and the Senator has in his possession a letter addressed to me as chairman of the committee by the vice president of this league proposing this scale, and I want to say that the president—at least I understood he was the president—of this league, after the amendment had been adopted by the committee, expressed to me his gratification.

The PRESIDING OFFICER. Does the Senator from Utah desire to offer an amendment?

Mr. SMOOT. No; I have simply made the statement so that it may explain my position or explain the letters which I have written to some of the moving-picture exhibitors, and also to let them know that the telegrams which they sent to me yesterday and to-day are not in conformity with the recommendations of the vice president of the Moving Picture Exhibitors' League of America.

The PRESIDING OFFICER. The bill is before the Senate as in Committee of the Whole, and still open to amendment.

Mr. SMITH of Georgia. Mr. President, I now desire to present the amendment which I sent to the desk some time ago, providing for the insertion of six additional paragraphs in the bill.

The PRESIDING OFFICER. The amendment will be stated.

The SECRETARY. It is proposed to add a new section at the end of the bill, to stand as section 26.

Mr. FLETCHER. Mr. President, does the Senator from Georgia desire to have the amendment read?

Mr. SMITH of Georgia. It might just as well be read again.

The PRESIDING OFFICER. The amendment will be read.

The Secretary proceeded to read the amendment.

Mr. SMITH of Georgia. The Senator from Florida is ready to address the Senate, and I do not know that it is worth while to read the amendment again.

Mr. SMOOT. The amendment has already been read.

Mr. SIMMONS. It has already been read.

Mr. FLETCHER. I believe it has been read.

Mr. SMITH of Georgia. It has been read, but not since it was formally presented.

Mr. FLETCHER. I take it, that will be regarded as a reading of the amendment.

The PRESIDING OFFICER. The amendment will be regarded as having been read, if there is no objection.

The amendment submitted by Mr. SMITH of Georgia proposes to insert at the end of the bill as a new section the following:

SEC. 26. That during the year 1915 a special excise tax is hereby levied, and shall be paid and collected not later than December of said year, upon every person, firm, or corporation engaging in the business of planting, growing, or producing cotton, said tax to be measured as follows:

Every such person, firm, or corporation shall pay a tax of 2 cents a pound upon all lint cotton produced or grown by such person, firm, or corporation in excess of 50 per cent of the total amount of lint cotton produced by such person, firm, or corporation in the year 1914: *Provided*, That where any such person, firm, or corporation was not engaged in the business of planting, growing, or producing cotton in the year 1914, such person, firm, or corporation shall pay a tax of 2 cents a pound on all lint cotton produced by such person, firm, or corporation in excess of 50 per cent of the total amount of lint cotton produced in the year 1914 on the farm or plantation operated by such person, firm, or corporation in the year 1915.

The Secretary of the Treasury is hereby authorized to make all necessary rules and regulations for the collection of the tax herein provided for.

SEC. 27. That the Secretary of the Treasury is hereby directed to have immediately prepared bonds of the United States to the amount in face value of \$250,000,000. The said bonds shall be in denominations ranging from \$10 to \$500, and shall be made due on or before three years from date, and bear interest at 4 per cent per annum, and shall be payable in gold.

SEC. 28. That the said bonds shall be used at their face value for the purchase of 5,000,000 bales of lint cotton, payments to be made in said bonds to the sellers of such cotton, and the Secretary of the Treasury, the Postmaster General, and the Secretary of Agriculture are hereby constituted a board with authority to conduct such purchases and to carry out the provisions of this act in connection with the purchase, handling, and sale of said cotton.

The said purchases shall be made exclusively from the producers of such cotton.

Said purchases shall be made at the price of 10 cents per pound for middling lint cotton. Other grades of cotton may be bought at prices higher or lower than 10 cents, based on the difference of their values, as the same are more or less valuable than middling cotton. The purchases shall be made in the States where the cotton is grown, and shall be prorated between the States, as far as practicable, according to the

quantity of cotton grown in each State. The cotton so purchased shall be handled under the direction of the board hereinbefore provided for, and none of the same shall be disposed of earlier than January 1, 1916, unless, in the opinion of the said board, parts of said cotton are required to furnish cotton for manufacture, in which event parts of said cotton may be sold at a price of 11 cents a pound or more. During the year beginning January 1, 1916, said cotton may be sold in blocks of 100 bales or more at the market price, but not for less than the amount that it has cost, including interest on the bonds, storage, etc. On and after January 1, 1917, so much of said cotton as has not already been disposed of shall, within six months thereafter, be sold by said board. The money received from the sale of said cotton shall be kept separately in the Treasury and shall be used to pay off the bonds provided for in section 27 of this act, and whenever \$5,000,000 has been accumulated from the sale of said cotton, blocks of said issue of bonds shall be called in and redeemed, and said board is given full power and authority to make such rules and regulations as are necessary for the purpose of executing the provisions of this and the preceding sections.

SEC. 29. That for the year 1916 a special tax is hereby levied, and shall be paid and collected during the months of August, September, October, November, and December, upon every person, firm, or corporation engaging in the business of planting, growing, or producing cotton, said tax to be measured as follows:

Every such person, firm, or corporation shall pay on all lint cotton produced or grown by such person, firm, or corporation during said year an amount equal to one-half cent per pound on such cotton, and the same shall be payable before said cotton leaves the gin house.

The taxes provided for in this section and in section 26 of this act shall be kept as a separate fund in the Treasury, and shall be used for the purpose of paying the interest on said bonds provided for in section 27 of this act and the expenses of handling said cotton provided for in section 28 of this act, and any surplus shall be used for the purpose of paying off the principal of said bonds.

SEC. 30. That after the cotton, the purchase and sale of which is provided for in sections 27 and 28 of this act, has been disposed of, it shall be the duty of the said board to prepare a statement covering the entire expenditure by the Government in connection with said transactions, including the redemption of said bonds, and if any part of said expenses has not been met under the provisions of sections 28 and 29 it shall be the duty of said board to officially report the amount remaining unpaid, and said report shall be filed with the Commissioner of Internal Revenue. For the year 1917, and annually thereafter, a special tax is hereby levied and shall be paid and collected during the months of August, September, October, November, and December upon every person, firm, or corporation engaging in the business of planting, growing, or producing cotton, said tax to be measured as follows:

Every such person, firm, or corporation shall pay on all cotton produced or grown by such person, firm, or corporation during each of said years an amount equal to 1 cent per pound on such cotton, and the same shall be payable before said cotton leaves the gin house: *Provided, however*, That if the report of said board, filed with the Commissioner of Internal Revenue, shows that no amount remains unpaid, the excise tax provided for in this section shall not be collected: *And provided further*, That no tax shall be collected under this section except for the balance of the amount remaining unpaid as provided for in this section.

SEC. 31. That the sum of \$1,000,000, or so much thereof as may be necessary, is hereby appropriated and made immediately available under the direction of the said board, for the purpose of carrying into effect the provisions of sections 27 and 28 of this act.

Mr. FLETCHER. Mr. President, I do not propose to take a great while in discussing the amendment, but I feel that I should submit what is in my mind on the subject, because it is a very important matter.

Mr. President, no one can fail to realize the serious, even distressful, situation in which the cotton growers find themselves. This condition extends to merchants, factors, bankers, spinners, and manufacturers, in varying degrees.

It reaches far beyond the territory in which the cotton is grown. The wheat producers and the flour manufacturers of North Dakota, for instance, are interested because their market extends to that region. The manufacturers of farm implements and other supplies in the northern portion of the country, the wholesale merchants, the fertilizer manufacturers, the banks, and business houses generally, must feel the effects of the impending loss, or what amounts to that, of the cotton crop of 1914.

I have felt that the States could and ought to handle the situation, but they do not seem to be able to do so. Some of the Governors say they can not handle it by reason of constitutional provisions or the absence of them. I had hoped that individuals or organizations in the States would work out a plan for relief. Undoubtedly the people in some of the States can in a large measure avoid very great loss, but this only in the States producing a comparatively small quantity of the staple. The problem appears to be too great and the difficulties too extensive and the undertaking too vast for the States to successfully cope with them.

My judgment is that the States have the necessary power and authority. I question somewhat that they ever granted that power to the Federal Government. I believe in a strict construction of the Constitution. I am opposed to continual whittling away of the rights and powers of the States and the enlargement by construction and the centralizing of power in the Federal Government.

There is room for the contention that the tax proposed by this bill is a legitimate excise tax, or, at any rate, in the nature of an excise tax, and not a direct tax. It is to be laid not to raise revenue for governmental purposes, but to pay interest on a loan of credit. It is to be laid to discharge an obligation incurred

in this emergency and to cancel benefits extended to the producers of cotton by the Government. Its characteristics are very similar to the levies for irrigation purposes. In these circumstances I do not believe we should go hunting for fine distinctions. Either Congress must come to the rescue of millions of the people who otherwise will be face to face with bankruptcy or there is little hope for them.

What is the situation, in a broad and general way? Last March and April this cotton crop was planted. The farmers have put their time, energies, and the labor of their employees in its making. The merchant has furnished supplies on credit where needed. The fertilizer used was bought to be paid for out of the proceeds of the crop. The banks made advances on the faith of the crop.

All the year's work, all the farmer's resources, practically, have gone into the cotton now being picked and ginned and made ready for market. Last year this crop yielded a little over \$1,000,000,000. There was every reason to expect fully as much would be realized this year, and but for the disaster which has come upon the civilized world that expectation would have been a reality. It was fully warranted. Nature was kind. The seasons were favorable. The growers had worked hard, and the result of their labors and outlay in money and time and energy was a yield of some 14,000,000 bales of 500 pounds each, actually worth at least 12 cents per pound under normal conditions. That would mean \$840,000,000, and the seed and by-products would have brought this yield in actual value to over a billion dollars. This is a large sum. We scarcely comprehend what it means. We get an idea by comparison. There have been about a billion minutes since the birth of Christ. This crop, therefore, would have, in the natural and orderly course of things, yielded one dollar for every minute of the Christian era.

On the 28th of July, in the afternoon—I was at the American embassy in Paris when the official announcement came from the foreign office—Austria declared war on Serbia. One week before that the only sign on the horizon of any disturbance anywhere was the little excitement over the home-rule bill for Ireland. One week after that seven great European powers were in a state of war. It came like a clap from the blue. No one could have foreseen such a calamity. Least of all did we in this country have any reason to anticipate such an occurrence. It can not be fairly said that such a disaster was one of the chances the cotton growers ought to have taken into account when they were making this crop.

On the 31st of July, it seems to be established, Russia began to mobilize her army. On the 2d of August France gave her reply to Germany.

On the 4th of August England issued her notification to Germany. The world-wide war was on. Now four continents are involved; practically all the Old World is in a death struggle.

No sane man can question that such a condition is the direct cause of grievous consequences to practically all the New World. The result that followed to the cotton industry immediately was no less than a total destruction of the market for two-thirds of the 1914 crop.

In the southern portion of the United States is a strip of territory approximately 400 miles wide and 1,500 miles long that is the natural home of the sun plant—cotton. Other countries have made diligent effort to grow it successfully elsewhere. England has done her best to produce her needed supply in the Valley of the Nile. No matter how cheap labor may be there, it is impossible to successfully compete with the South on land worth from \$500 to \$1,000 per acre and which must yield a return on that basis of value. Egypt, South America, the West Indies, Mexico, and other portions of the earth have been looked to for development of this industry, but it has been found that the whole world must turn to this cotton belt for the material which is to clothe mankind.

It must be produced there; it ought to be produced there. It is folly to talk of ceasing to produce it there. Civilized man the world over is served by that production. It would be a calamity to the race to have its production discontinued. All laws requiring people to wear clothes would have to be repealed in that case. Temporary reduction in acreage and decrease in quantity of production must be resorted to until peace reigns again and commerce resumes her customary function and the interchange of trade is possible, credit basis established, business transactions and relations again enjoyed. This must come about before a very great while. Let us hope and do all we can to speed the day. In the meantime this extraordinary situation, growing out of conditions unprecedented in the history of the world—we owe it to the people directly concerned and we owe it to as many more indirectly concerned—we must courageously and with determination meet with all the wisdom we can command. I would rather risk making a mistake in

attempting to meet it, keeping in view the absolute safety of the Government, than to do nothing.

The suggestion that wheat, the market for which has not been cut off by the war, or that copper, which is not the accumulation or product of a year's work and expenditure, are on the same footing as cotton is not sound. Naval stores and tobacco more nearly partake of like nature and occupy a similar position, though not identical in many respects. The question is, shall the people concerned in the cotton industry, in one fell swoop, by a blow out of space, delivered from the other side of the ocean, suffer a direct loss of approximately \$800,000,000?

Either this crop can by our help be made to yield approaching its value of \$1,000,000,000 or, if we do nothing, it must be sacrificed for something like one-fourth that sum. Should we hesitate in a situation like that to at least make the effort, and make that effort our best?

This amendment offers the most feasible and practical solution of the problem yet proposed, in my judgment, and I should feel I had failed to do all that lay in my power to relieve the distressing conditions mentioned if I did not vote for it; and my conscience as well as my inclination command me to do no less.

Mr. WILLIAMS. Mr. President, I wish to introduce at this point an amendment to the amendment, in order to have it pending, and later on I shall have something to say about it.

I move to strike out from the amendment the part marked "section 28," and also the part marked "section 29" and all of section 30, beginning with the words "for the year nineteen," in line 17, down to the end of that section.

I will say that the amendment simply strikes out the tax feature of the bill. It makes that change. Everything in the bill relating to the levying of taxes on cotton would be stricken out if the amendment to the amendment were agreed to.

Mr. LEA of Tennessee. Mr. President, so many different schemes have been devised to solve the cotton problem that when one is now approached by some one with a ready-made cure-it-all plan for saving the cotton situation he feels like he is being addressed by a long-haired, wild-eyed inventor who wants to tell how he has been defrauded of his patent rights on his positive discovery of perpetual motion. Hence I approach this subject, which I must necessarily view from a layman's standpoint, with the greatest possible hesitation and diffidence.

The cotton problem—for problem it is, and one yet unsolved, and upon whose proper solution depends our immediate prosperity—belongs peculiarly to the South, but now confronts the entire country, growing in magnitude and widening in scope, with all its possibilities of ruin and disaster, until it must be regarded also as international in character. In the last analysis it will be with cotton and not with gold that our debts abroad must be paid and our balances created.

Fortunately, all of us who are anxious to do our part to meet this situation can agree, first, upon the conditions which exist; second, upon the cause of these conditions; and, third, upon the inevitable effects of a continuance of the present conditions for another 60 days. Unfortunately, however, very few of us can agree upon the remedy to apply to the present distressing and tragic conditions in the cotton section of our country.

What to one man will relieve the situation immediately, bringing prosperity to the planter and those dependent upon him for commercial success, to another mind spells only greater ruin and more far-reaching disaster to all within the ever-widening ring of cotton which is daily obscuring more and more from our vision the other vast resources of this wonderful country. One man favors the United States Government lending its credit, directly or through the medium of National and State banks, to the farmer, exchanging certificates of its indebtedness to the farmer in return for warehouse certificates certifying to the storage and insurance of the overplus of the cotton crop. Another advocates the Federal Government purchasing a large proportion of the crop which can not be used during the continuance of these abnormal conditions, while still another believes the State and not the Nation should be the philanthropic purchaser that will enter the market, defy the law of supply and demand, and by the mere force of the inherent strength and power of the purchaser raise the price of cotton from the low level to which the European war has plunged it.

To the advocate of the Government lending its credit directly to the farmer or through the medium of banking associations to the cotton grower, the proposition for the Government to become the purchaser of any part of any one crop or commodity for the purpose of raising the price of that commodity is not only regarded as absurd and unsound economically but as unconstitutional.

To the advocate of the purchase of part of the crop by the National Government the scheme to lend the credit of the Government to the farmer through the medium of the issuance of

currency into the hundreds of millions is regarded as an iridescent dream, which can be dismissed with the statement that the price of cotton can not be appreciated with benefit to the planter by depreciating the value of currency to the injury of the credit of the Federal Government.

While to the advocate of the State being the life-saving station, constructed in the form of a speculative and nonusing purchaser of cotton to the extent of one-half of the crop produced in each State, the plan to lend the credit of the National Government or to invoke its purchasing power is impracticable, impossible, unconstitutional, and in violation of the spirit of that amiable wrath—State rights—which still stalks abroad to terrorize with its ghostly form all progressive legislation, but which withdraws its shadowy shape as soon as it even startles, much less scares, an appropriation by the Federal Government.

Our first point of agreement is the present condition of the cotton crop and market. The estimate of the crop places it at 16,000,000 bales in the field, subject to being reduced one to two million bales—according to the pessimism or optimism of the estimator—on account of the failure to pick the crop on the part of the planter in view of the present demoralization of the market.

I ask unanimous consent, Mr. President, to insert in my remarks, without reading, a table of estimates on the present cotton crop at its value on the basis of 6 cents and 10 cents per pound, respectively.

The PRESIDING OFFICER (Mr. MARTINE of New Jersey in the chair). Without objection the request of the Senator from Tennessee is granted.

The tables referred to are as follows:

Cotton, 1914—Estimated acres planted, production forecast from condition of the crop Sept. 25, and the value on the basis of 6 cents and 10 cents per pound, respectively.

State.	Acres planted (estimated July, 1914).	Bales indicated from conditions Sept. 25.	Value at 6 cents per pound.	Value at 10 cents per pound.
Virginia.....	46,000	24,000	\$678,000	\$1,129,000
North Carolina.....	1,589,000	858,000	24,607,000	41,011,000
South Carolina.....	2,826,000	1,305,000	37,467,000	62,446,000
Georgia.....	5,398,000	2,388,000	68,586,000	114,277,000
Florida.....	194,000	50,000	1,587,000	2,645,000
Alabama.....	3,912,000	1,610,000	46,219,000	77,032,000
Mississippi.....	3,148,000	1,307,000	37,510,000	62,517,000
Louisiana.....	1,389,000	558,000	16,031,000	26,718,000
Texas.....	12,032,000	4,451,000	127,786,000	212,977,000
Arkansas.....	2,527,000	1,014,000	29,104,000	48,536,000
Tennessee.....	866,000	345,000	9,922,000	16,594,000
Missouri.....	124,000	72,000	2,068,000	3,447,000
Oklahoma.....	2,854,000	1,323,000	37,974,000	63,290,000
California.....	35,000	35,000	998,000	1,663,000
United States.....	36,960,000	15,340,000	440,497,000	734,162,900

Cotton-seed (1914) production forecast from condition of crop Sept. 25, 1914, and the value based upon prices to farmers current Sept. 15 of 1914 and 1913, respectively.

State.	Cotton-seed forecast, Sept. 25, 1914.	Prices paid to farmers per ton Sept. 15—		Value of estimates 1914 production on basis of prices Sept. 15—	
		1914	1913	1914	1913
North Carolina.....	Tons. 386,000	\$16.80	\$22.00	\$6,485,000	\$8,492,000
South Carolina.....	587,000	16.00	20.80	9,392,000	12,210,000
Georgia.....	1,074,000	16.00	21.30	17,184,000	22,876,000
Alabama.....	724,000	14.40	20.40	10,426,000	14,770,000
Mississippi.....	588,000	13.00	21.20	7,644,000	12,466,000
Louisiana.....	251,000	13.20	19.70	3,313,000	4,945,000
Texas.....	2,002,000	12.30	21.30	24,625,000	42,643,000
Arkansas.....	456,000	13.00	20.70	5,928,000	9,439,000
Tennessee.....	155,000	12.50	23.50	1,938,000	3,642,000
Oklahoma.....	595,000	11.00	19.50	6,545,000	11,602,000
Others.....	84,000	14.80	22.00	1,243,000	1,850,000
United States.....	6,902,000	13.70	21.00	94,723,000	144,935,000

Mr. LEA of Tennessee. At the price cotton was selling on July 20 of this year, this crop, if picked as usual, would have amounted to \$1,000,000,000, in round numbers. It is conservative and fair to base our calculation upon the crop picked, amounting to 15,000,000 bales. It is also fair and conservative to say that to-day there is absolutely no market, domestic or foreign, at any fixed price for any material part of this crop. All the cotton exchanges are closed, the domestic spinners are not buying, and if 100,000 bales were thrown on the market to-day and had through necessity to be absorbed it is doubtful if it would bring 3 cents a pound.

All of us are agreed that the South is in debt for this as yet unmarketable crop of cotton—the reserve city banks have loaned to the banks in the larger cities in the cotton region; the city banks have loaned to the smaller banks in the midst of the cotton-growing section; these banks in turn to the merchants; the merchants have extended credit to the planters, who in turn have made advances to the tenants. Hence all of us agree that conditions are such that for any relief to be effective it must start at the bottom of the ladder, and to be effective must therefore be afforded before the crop leaves the hands of the producer, which means that if any relief is to help the producer it must be given before December 1.

Second, all of us agree as to the causes of the present condition. In normal years 40 per cent of this crop would be consumed in this country, and the remaining 60 per cent exported to foreign countries.

Stated differently, the United States would have sold approximately 9,000,000 bales of cotton abroad for at least five to six hundred million dollars, which would have constituted the largest proportion of our balance of trade.

Only 10 weeks have elapsed since this crop was estimated to be worth more than \$1,000,000,000, and the only change in the domestic market has been the certainty of an increase in the supply needed for our domestic spindles. A tremendous change, however, has transpired, due to the existence of the great European war, and the percentage of our crop sold abroad will be cut more than in half, so we can not count upon selling more than 3,000,000 to 4,000,000 bales abroad, leaving an overplus of at least 5,000,000 bales of cotton which can not now be used and for which there is and can be no market under present conditions.

The increased supply of cotton which will be needed by our domestic spindles has not, however, stimulated the market. On the contrary, the domestic market is also demoralized, for no manufacturer deems it safe at this time to buy at any price, for he does not know either the value of cotton or the price at which his competitor will be able to purchase his supply.

The cause of the present condition is primarily the European war, which annihilated the market for exported cotton in one day—long after the crop was planted and the land applied to this use—thus destroying the possibility of a market of from one-third to one-half of the present crop.

This war has closed the cotton exchanges and absolutely demoralized the market, domestic as well as foreign. The domestic spinner is not buying cotton, the wholesaler dealing in cotton goods and the retailer selling cotton cloths have empty shelves and are only purchasing enough to supply to-day's needs, all actuated by the same reason—the inability to determine what the price of cotton is or is going to be. The spinner would gladly pay 12 cents for his cotton if he knew that his competitor would have to buy his cotton at this same price; but, not knowing this, the spinner fears to buy cotton even at 6 cents, lest his competitor might purchase his at 3 cents a pound.

The situation is worse to-day than it was two months or even a month ago, for it is now evident that the war is to be of a much longer duration than was at first anticipated, and the demoralization of the cotton market more complete, due to a realization of this fact and to a greater curtailment of foreign manufacture and consumption of cotton goods than was at the beginning of the war deemed possible.

All of us agree upon the conditions which exist and upon the cause of these conditions, and we further agree that the inevitable effect of a continuance of these present conditions means hardship, privation, and hard times, not only for the South but for the entire country.

Going up the ladder, if the tenant is unable to pay the farmer, the debts of the farmer to the merchant can not be paid. The merchant must obtain renewals at his home bank, and his home bank, to grant this accommodation, must secure renewals of its maturities with its city correspondent, which in turn must give a renewal obligation to its correspondent in the central reserve city instead of a draft with a bill of lading attached for cotton shipped, which would bring the gold back to this country and prevent the necessity for the existence of any "gold pool." Every one of these parties has now strained his credit and stretched it to the utmost and can not go further or even maintain his present position much longer.

All of us agree that if cotton remains this year at the low level of 6 cents, cotton for many years will remain near that low level, which does not now equal the cost of production. This means years and years of hard times for the South and all other sections of the country, since business relations and commercial pursuits are so interwoven that starvation can not rule in one section of the country and prosperity hold sway in another.

Let us view this question for a moment in its international aspect. Three million bales sold abroad at 6 cents would mean only \$90,000,000 of gold from abroad, instead of \$180,000,000, if it were sold at 12 cents instead of 6 cents a pound.

A surplus next year of from six to seven million bales added to this year's overplus of from five to seven million bales means a surplus of from twelve to fourteen million bales on January 1, 1916, or enough cotton to supply for one year the world, which purchases American cotton under normal conditions. When we know conditions will not one year hence be normal abroad, even if peace should be meanwhile restored, we must realize that conditions in the cotton market a year hence with such a surplus will be worse than the conditions now and this country's plight more critical and the country and its citizens less well prepared to undergo it.

If the United States should loan this year \$250,000,000 to the farmer, it would then face next year the choice of lending at least \$400,000,000 to the farmer until the currency of the United States would reach the level Confederate money struck at the close of the Civil War, when its purchasing power for firewood was only sufficient to enable it to be "swapped cord for cord."

If the Federal Government purchased this year 5,000,000 bales of cotton, it is my fear that next year the Government would be compelled to choose between purchasing 7,000,000 additional bales at a price again above the market and to issue more than a quarter of a billion of additional bonds of small denominations or of adding to the demoralization of the market by throwing upon it an amount of cotton that it could not absorb and which would therefore break the market, and, in consequence, entail a loss which, by the plan proposed, must be borne by cotton itself. This would mean that cotton, at the low price of 5 or 6 cents during the years of 1916, 1917, and 1918, would have to pay a tax of one-half a cent a pound.

If the States purchased this year one-half of the crop in each State, then next year, with their indebtedness multiplied tenfold, they could not purchase the overplus of next year's crop, and they would face an overwhelming loss on the cotton they would have purchased this year.

If Alabama should this year purchase 800,000 bales of cotton at 10 cents and pay for the same by issuing certificates of indebtedness exchangeable for bonds bearing 4 per cent interest to the extent of \$40,000,000, then, even if conditions were absolutely normal one year from to-day, which is an impossible assumption, but next year's crop as large as this year's, Alabama would then face a great loss on cotton, to be recouped by taxing the commodity itself. And if conditions one year from to-day should be as abnormal abroad as they are to-day, as will probably be the case, with consequent increased demoralization, then Alabama would stand to lose so much upon her cotton investment as to make the tax so great upon cotton as to render the tax prohibitive of further planting. For we must not overlook the storage, the insurance, and incidental loss which must be borne by the State carrying cotton as it must by the individual carrying cotton, and we must add to the cost to the State of carrying cotton the cost of administration of this new department. If Alabama buys at 10 cents this year, then for Alabama to come out even on its purchase, so as to avoid taxing that commodity to supply any deficit, it must sell on a one-year's holding at 11 cents, on a two year's holding at 12 cents, and on a three year's holding at 13 cents.

Should Alabama in 1915 sell cotton costing it then, with carrying charges, 11 cents, and only obtain for it a price of 6 cents a pound, there would be a loss of 5 cents on 800,000 bales, and Alabama would face a loss of nearly \$20,000,000, which it would require taxes of one-half cent a pound on cotton for at least five years to liquidate. If cotton brought no higher price than 5 or 6 cents, which would inevitably follow the collapse of the cotton market for the next two years, a tax of one-half cent would finally mean that Alabama's premier crop would be some commodity other than cotton, and other property would have to be found by which Alabama could pay the indebtedness caused by her speculation in this now standard commodity.

Each of these plans, as I understand them, either carries with it, or its advocates do not object to, a corollary or supplemental plan providing for a curtailment of cotton acreage.

Is a reduction short of total elimination of cotton acreage practicable? It has been possible to eliminate the entire acreage of even a standard commodity when such a drastic step was necessary to preserve that commodity and its market from ruin. It was done in the tobacco fields of Tennessee and Kentucky, is now being done in the copper regions of Montana and Arizona, and will be soon put into effect in the zinc sections of Missouri. On the other hand, reduction of acreage has been tried time and time again in the cotton States and has

failed as often as tried. Moreover, even if practicable, curtailment of cotton acreage is not sufficient to meet this great crisis, for it will not prevent a violation of the inexorable and immutable law of supply and demand. Even if the cotton crop were curtailed next year to the extent of 50 per cent—which is the greatest curtailment advocated by anyone favorable to the measures discussed—it would still leave in the hands of the farmer, pledged to secure a Government loan, or in the possession of the Government or belonging to the States, from five to seven million bales of cotton, a veritable sword of Damocles hanging over the head of the cotton market—a menace that it would take years and years of low-priced cotton to remove by absorption.

In principle all of these plans are identical in that each proposes a loan of credit by the Government on a pledge of cotton by the producer. In the case of the bill advocated by the distinguished Congressman from Texas, known as the Henry bill, the cotton is only pledged, and the title, subject to redemption, remains in the farmer; and while no specific tax is laid to enable the Government or the agencies through which it deals to recoup any loss, it follows as night follows day that if there be loss—and loss there would be—it would be paid by a tax on the commodity whose attempted protection caused the loss.

The Hoke Smith amendment to the war-tax bill now pending provides for the title to the cotton purchased to pass to the Government, but it is in reality not a sale to the Government but only a pledge in the form of a conditional sale, and the loss to the conditional vendee is to be borne by the guaranteeing vendor. There is no difference in principle between A pledging his bale of cotton to B for \$40 and rendering his whole estate liable for any loss occasioned by the commodity pledged selling at less than the amount of the pledge and C selling and conveying to D his bale of cotton for \$40 and agreeing that a year hence this bale of cotton will sell for \$40 plus carrying charges and agreeing to pay out of his general estate any loss. Neither the transaction between A and B, which is the principle of the Henry bill, nor the transaction between C and D, which constitutes the underlying principle of the Hoke Smith amendment, is a sale of cotton. In both cases it is only a loan of the credit of the Government, and the Government is to be held harmless and is to be reimbursed for any loss, in one case by implication and in the other case expressly by a tax on the very commodity for whose protection at this time the credit of the Government is to be loaned. In one case the form of the loan of credit may be currency or greenbacks, and in the other bonds, but in both cases there is no outright sale to or bona fide purchase by the Government.

The only difference between the State-purchasing plan and the other two discussed, suggested by the Senator from Alabama in his very illuminating address, is that his plan makes it the State's and not the Nation's credit which is to be loaned.

Any plan or scheme which enables the farmer, either by way of pledge or conditional sale or anything short of an outright bona fide sale to a consumer, to obtain an advance above the price fixed by the demand for consumption will, I fear, do him a positive injury, though extending a temporary relief unless it carries with it a positive and binding guaranty that there will be no overplus from next year's crop; otherwise, any kind of plan for relief would do the farmer, whom all of us desire to help, more harm than good, involving him deeper and deeper in debt and placing him next year with twice as much cotton on his hands as the market could absorb at a time when no Government, State or National, could be powerful enough to give him aid by a loan of credit.

Unless some plan is devised which absolutely guarantees a positive and material reduction of the present cotton acreage, we will find next year's crop larger than this year's crop, for the man who is rescued this year by his Government purchasing his cotton at twice the market price can not help but plant as much, if not more, acreage next year, confident that somehow or somewhere a market for his cotton will be provided. Without a guaranty that next year's crop would be equal only to the consumption during war times we could not afford on the farmer's account to permit him to carry his cotton over another year, either by a straight loan or a loan sugar-coated with all the paraphernalia of a conditional sale.

In discussing these several plans attention has been directed only to their economic phases. Even if they were sound, is any one of them practicable or workable? Can there be enacted into law any plan for lending the Government's credit, directly or through the medium of banking associations, or in the form of a conditional sale to the Government, without the plan being loaded with provisions to care for every commodity whose market has been affected by the war until Government currency or

bonds would be more of a drug on the market than even cotton is to-day?

My fear is that the situation in the copper sections of Montana and Arizona must be as distressing to the Senators from Montana and Arizona as the cotton situation is to the Senators from the cotton-growing States. Five thousand copper miners are to-day walking the streets of Butte seeking employment, while 15,000 copper workers are now facing idleness in Arizona. The zinc workers in Missouri will appeal to their Senators to save them. The same would be true of naval stores in the Carolinas and in Georgia. Lumber will make its appeal, and, finally, dried apples and peaches from West Virginia will not sit by with moist eyes but dumb lips when only a sound, even though inarticulate, would touch the very human heart of their senior Senator and inspire a ringing demand for their protection.

Will not this amendment be amended and amended until our currency or bonds, secured by pledges or conditional sales of cotton, copper, zinc, naval stores, lumber, dried apples, dried peaches, fertilizer, peanuts, and every other commodity whose production has outstripped consumption become as inflated and as unmarketable as the dried peaches of West Virginia moistened by a heavy rain?

Again, even if either of the cotton relief measures could be passed by the Federal Congress without loading it to the extent of debasing our currency or bonds, could it be put in operation in time to save the farmer? And we are not seeking to legislate to make richer the speculator, but to save the farmer.

When a proposition was recently pending before this body to make State banks and trust companies eligible for membership in currency associations, so that they might obtain emergency currency, we were told by the junior Senator from Colorado, who spoke authoritatively, that it would take a year to make the plates and engrave the notes for the State banks and trust companies. If that be true, then would it not take at least several weeks, if not months, for a department not in sympathy with the plan to make the necessary plates and engrave either the currency or the bonds with which to execute either the Henry or the Hoke Smith plan?

The State-purchasing plan would cause even greater delay. Constitutional conventions would have to be called by extra sessions of the legislatures in each of the cotton-growing States, and then the work of these conventions submitted to the people of each State at special elections for ratification or rejection, and after their ratification the plans must still be placed in operation. Could this be done in time to give relief while the farmer still owns the cotton?

For one, I fear that either of the plans proposed requiring Federal legislation is impracticable and fraught with many dangers to the cotton grower, but the situation is so acute and distressing that I am willing to join in advocacy of any measure meeting the approbation of a majority of my colleagues from the cotton-growing States. Some relief must be granted at once, otherwise ruin will be almost inevitable, and unless there is a surrender of individual opinion there can be no legislation upon this subject. But any measure invoked to relieve the cotton situation, either by a pledge of cotton or the conditional sale of cotton to the National Government, must be safeguarded so that it will not bring even greater disaster or more far-reaching ruin to the cotton grower than the situation in which he finds himself to-day. We must realize that no enactment in any form which would depreciate the credit and currency of the Government could appreciate the price or value of cotton.

I believe the State-purchasing plan advocated by the distinguished Senator from Alabama is unworkable and impracticable, and that the units selected—the States—can not meet the situation, and that if the plan of conditional sales to the Government is to be adopted the Federal Government and not the State should be the unit, because the success of the plan depends primarily upon the power to enforce a curtailment of next year's crop as well as the credit of the Government, whose certificates of indebtedness are to be issued in payment of the cotton transferred to the Government.

Both the Henry bill and the Hoke Smith plan, before careful analysis, appealed strongly to me, as they promised the only possibility of relief to the cotton grower, and I shall give my support to any measure that I believe contains a possibility of relief to the farmer without carrying with it greater possibilities of ultimate injury.

My heart beats with the keenest sympathy for the farmer, for the man, who by toil produces the basis of all wealth from the soil, and witnesses each year a miracle as great as nature's metamorphosis of the seed into the product, the conversion of the

raw material into the manufactured article, pouring out of the horn of plenty untold wealth into the laps of all who touch it, save alone himself. He must be content with the price which will enable him to live, to preserve sufficient credit to borrow enough to plant another crop, and to start afresh upon its journey another gift from nature, enriching all but himself. The farmer represents not only the bulwark on which the wealth of this country rests, but the bulwark upon which are builded the best citizenship and the highest ideals of government. He is progressive, democratic, and patriotic. He makes the most faithful workman, the most upright citizen, the truest representative in government, and the bravest soldier. He bears his heavy burdens with the least complaint and enjoys but the smallest benefit from the Government, which could not be maintained without his steady, unremitting, and faithful toil. His wants and needs deserve our most careful, painstaking, and unselfish consideration and labor.

To attempt to conceal the truth from him, to hold out promises of impossible performances and proffers of impracticable assistance, are both cruel to the farmer and unjust to our own conceptions of duty. Such would be unfair both to his intelligence and to his unfortunate situation to-day.

We should meet the legislative situation courageously and without equivocation, as the farmer is meeting his to-day, and tell him what aid, what assistance, can be rendered and what can not be. It would be criminal to offer any palliative or assistance at this time which would give temporary relief and in the end be only ruin, disguised and postponed. If neither of the plans which have been heretofore discussed both in and out of Congress is placed upon the pending measure in the form of an amendment, I intend to offer as an amendment to the war-tax bill the only possible solution that will remain. It may be that this solution will not be practicable, that it may be unattainable, but it will be conceded by all that if the plan can be put into execution it will bring the desired result.

The plan I intend to propose is nothing new. It contains no element of novelty. It is merely the application of the law of supply and demand. It is only bringing about the situation in the growing of cotton that obtains every day in the year whenever any other commodity except an agricultural commodity is the victim of overproduction.

It is the rule of conduct that makes successes and not failures of our manufacturers, of our railroads, of nearly every other industry. It is the sound principle which requires production not to outstrip consumption, and which, if production, either through its increase or consumption, decreases or forges ahead, bids it halt until the two are again abreast of each other.

I believe it will be conceded by everyone in or out of Congress that if it became known to-day as an incontrovertible fact that no cotton would be grown in America in the year 1915, instantly the price of cotton would advance at least to the price it was before the horizon was darkened by the great European war. It will be conceded by every fair-minded man who is familiar with the situation in the cotton industry to-day that if there were no possibility of there being a cotton crop in America in 1915, the cotton crop of this year would be equal in its gross return to the combined value of this year's crop and next year's crop if the present lamentable conditions are not corrected before December 1. It will be further conceded that it would be much more to the advantage of the cotton grower, of the merchant, of the banks, to collect from one year's crop this sum than to be able to collect it only from both this year's crop and next year's. It would be much more to the advantage of this country for it to sell 14,000,000 bales at 13 cents than 28,000,000 bales at 6½ or even as high as 8 cents. It is certain that the very day it became known that cotton would not be produced in 1915 the price of cotton would that day reach 13 cents, if not higher.

Is it not to our advantage, then, is it not wise, for us to attempt to bring about a situation which will enable us to collect from this year's crop as much as could possibly be collected from this year's crop and next year's crop combined?

But it will be said here on the floor of the Senate, as I have heard it said privately, that the failure to grow a crop in 1915 would bankrupt the South. That is answered by the statement that if this year's crop, with the guaranty of no crop next year, would be worth as much as this year's crop and next year's crop could otherwise be worth, then such a plan would not involve as great a danger of bankrupting the South as growing another crop.

Assuming the proposition, which I believe no one will attempt to controvert, that if Christmas comes without any affirmative relief of the cotton situation being provided there will be a great overproduction again next year, and that under such cir-

cumstances both this year's crop and next year's crop would only equal and not exceed in value one year's crop, we would find two great advantages to be attained through limiting, or, rather, eliminating, next year's cotton crop, namely, it would enable this year's crop to pay debts of the South and to give the South something to live on, and would double the amount of gold which we will receive from the cotton which will necessarily be exported, even under present conditions; and, secondly, it would give the South agricultural freedom by teaching it the possibility of diversified farming. Let us assume that, with the inexperience of labor, the South would not raise in 1915 crops equal in value to a normal cotton crop sold at normal prices; nevertheless, if the premise be sound that the elimination of cotton acreage in 1915 would make this year's crop equal in value to what would otherwise be the value of both this year's and next year's crop, then whatever be the value of the substitute commodities which the South would raise in 1915, such an amount would represent that much clear gain to the South.

The Department of Agriculture has suggested in departmental letters that the cotton grower can raise other commodities than cotton. Let each first raise his own garden and food-stuffs and sufficient corn to feed his own hogs and cattle, and then plant the remainder of his acreage in cereals, for, whether the war lasts throughout next year or not, this country must feed Europe and the greater part of the world next year, and the price of corn and all other cereals will be high; and while the cotton grower might not get as much for his corn as he would for his cotton crop under normal conditions, it would be much more than he could get for his cotton under the abnormal conditions which will obtain.

Let us for a moment assume the premise which I have stated, namely, that the cotton crop this year, by the elimination of cotton acreage in 1915, would be worth as much, if not more, than the cotton crop this year and next year if the acreage be not eliminated, and let us see if we can obtain this result.

The fact that innumerable attempts have been made to reduce cotton acreage, and that these attempts have been uniformly unsuccessful, can not be invoked as precedents to point to or demonstrate the impossibility of eliminating cotton acreage. Where merely reduction of acreage is sought, it is the failing of human nature for each man to expect his neighbor to make the necessary reduction in acreage, enabling him to reap the additional profits caused by the reduction in production. No crisis like the present one has ever faced the cotton growers of this country, and to say that they will not make the agreement to eliminate cotton acreage, if it be the only plan of salvation, is to offer an affront to their intelligence, or to say that they will not carry out an agreement to eliminate cotton acreage if made is to do a wanton injustice to their sense of honor. Acreage has been eliminated in the tobacco section of two States where the elimination of acreage was essential to the creation and maintenance of a living price, a price at which the commodity could be produced with profit to the producer. Mines and manufactures of all kinds and character have been shut down when overproduction threatened a living price.

If it were deemed desirable to eliminate cotton acreage for the year 1915, this could be accomplished by placing upon the pending measure an amendment requesting the President of the United States to call a cotton conference to meet early in November, for the purpose of forming a voluntary association of cotton growers to eliminate cotton acreage in 1915 and to produce other commodities, and to reenforce these articles of agreement of such voluntary association by enactments in the various States, limiting by taxation or the exercise of police power the acreage for the one year.

If such an amendment were placed on this bill carrying with it an appropriation of \$1,000,000 by the Federal Government—one-third of the sum appropriated to bring back travelers from abroad—it would be but a small part of what this Government should contribute to benefit the farmers, the producers of all wealth in this their greatest crisis, and to enable the President to have a representative conference attended by representative cotton producers and to carry into effect the agreements reached at such a conference.

It could be provided that on the last day in October the cotton producers in every county where more than 1,000 bales are grown should meet and select one of their number, a bona fide planter, to attend this conference; that the State Bankers' Association in each State should select 10 delegates to the conference; that the governors and commissioners of agriculture of the States should by virtue of their office be delegates, and that the commercial bodies in the largest cities of each State should also be permitted to send delegates, so that the merchants and the banks who have assisted the grower to raise and pick

the crop should also have their representatives in any conference to determine this momentous question.

Such a plan should provide also for the immediate creation of a cotton commission in which every cotton-growing State should be represented, to be appointed by the President, to take immediate charge of all plans for the convention and for putting into execution the agreements reached by the convention. The President of the United States should himself open such a conference and preside over its deliberations. Addresses should be made and advice given by the Secretaries of the Treasury and of Agriculture.

It is my conviction, deliberately reached, that if such a conference were held this conference would form an association providing for the total elimination of cotton acreage in 1915; that it would merely recognize the law of supply and demand, which can not be violated without injury to the violator, and would thus bring order out of chaos and enthrone stability where demoralization now holds sway. Such a plan, adopted solemnly by such a convention, would have behind it a force which could preserve the plan inviolate and guarantee that no grower would violate its provisions. These voluntary agreements, solemnly entered into by the growers in all parts of the country and ratified in the presence of the Chief Magistrate of the country, could be reenforced by the proper legislation in each of the States, for the delegates at such a conference would immediately upon their return to their States secure the co-operation necessary to insure speedy meeting of the State legislatures in extra session and the enactment of the necessary supplemental legislation by the several States.

Even if such a plan should not be adopted, if the conference in its wisdom should decide to ignore rather than to observe the natural law of supply and demand, whose violations have always brought ruin and disaster, though sometimes disguised and postponed, nevertheless such a conference must be productive of good.

It will be cruel, if not criminal, in this Congress if it offers no other aid to refuse to give to the cotton growers of this country the opportunity to meet in conference with each other under the guidance of the great leader of this country and to consider calmly and dispassionately the questions so vitally affecting their well-being and happiness and to determine them, if possible, in such a way as will bring prosperity and peace to this section of the country whose distress is now so great and is spreading like a consuming fire over the entire country.

The PRESIDING OFFICER. The pending question is on the amendment of the Senator from Mississippi [Mr. WILLIAMS] to the amendment of the Senator from Georgia [Mr. SMITH] to strike out section 26 of the proposed amendment of the senior Senator from Georgia.

Mr. CLARKE of Arkansas. I think it is understood that there is not to be a vote on the amendment of the Senator from Georgia to-day. That may account for the fact that Senators are not very largely in attendance this afternoon.

The PRESIDING OFFICER. The Chair will state that the Senator from Mississippi [Mr. WILLIAMS] expressed a desire to speak on his amendment to the amendment.

Mr. CLARKE of Arkansas. I move that the Senate take a recess until to-morrow at 11 o'clock.

Mr. THOMAS. It was understood that there was to be no vote on the amendment to-day. I should like to inquire before the motion is put for a recess what agreement has been reached as to when a vote shall be taken?

The PRESIDING OFFICER. The Chair is unable to inform the Senator from Colorado.

Mr. CLARKE of Arkansas. I will withdraw the motion I made. I am glad to say that it is understood that there will be a vote on it to-morrow.

Mr. KERN. We will vote on the bill to-morrow.

Mr. CLARKE of Arkansas. Yes; I think that is understood. As soon as we dispose of this particular cotton amendment and such other amendments as may be pending, there is no reason why there should not be a vote on the bill.

Mr. POMERENE. Why can we not fix a time now for voting to-morrow?

Mr. SIMMONS entered the Chamber.

Mr. CLARKE of Arkansas. The Senator from North Carolina is now present. He has charge of the matter and probably will be able to make some statement to the Senate and put it in a more definite form than I am able to do it. There seems to be no one ready to proceed on the bill, and I move that its further consideration be postponed until 11 o'clock to-morrow.

Mr. McCUMBER. Let us wait a moment and see.

Mr. SMITH of Michigan. May I suggest to the Senator from Arkansas whether it would be agreeable to take up the calendar?

Mr. CLARKE of Arkansas. Certainly; anything is agreeable to me.

Mr. SMITH of Michigan. We could take up the calendar for the afternoon. We have many uncontested bills on the calendar.

Mr. CLARKE of Arkansas. It may be possible that there is some one here now who desires to address himself to the pending amendment, but if there is not I will ask that the further consideration of the bill be postponed until to-morrow at 11 o'clock.

Mr. SIMMONS. I would be willing to postpone the further consideration of the bill until to-morrow provided we could have an agreement to fix a time to vote to-morrow. I understood from the Senator from Georgia that it was likely such an adjustment or arrangement might be made.

Mr. CLARKE of Arkansas. I think so myself.

Mr. SMOOT. Let there be an agreement made before we lay the bill aside.

Mr. SMITH of Michigan. Before an agreement can be made the roll will have to be called.

Mr. SIMMONS. We are not ready to submit an agreement now, but I understood that probably during the day and before discussion of the amendment was concluded for the day the Senator from Georgia would be able to state when he would be willing to vote on the amendment.

Mr. CLARKE of Arkansas. That is my understanding.

Mr. SIMMONS. There is a tentative suggestion that he made to me this morning.

Mr. CLARKE of Arkansas. There seems to be such a slim attendance in the Senate and no special interest being taken either in the main bill or the amendment, I thought unless something might be presented to the Senate for its consideration we might take a recess until to-morrow.

Mr. SIMMONS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Ashurst	Johnson	Oliver	Smoot
Bristow	Jones	Overman	Sterling
Bryan	Kern	Page	Stone
Camden	Lane	Perkins	Swanson
Chilton	Lea, Tenn.	Polindexter	Thomas
Clapp	Lee, Md.	Pomerene	Thompson
Clark, Wyo.	Lewis	Shafroth	Thornton
Clarke, Ark.	Lippitt	Sheppard	Vardaman
Culberson	McCumber	Shields	Warren
Fletcher	Martine, N. J.	Shively	Weeks
Gore	Nelson	Smith, Ga.	West
Hollis	Norris	Smith, Mich.	White
Hughes	O'Gorman	Smith, S. C.	Williams

The PRESIDING OFFICER (Mr. LEA of Tennessee in the chair). Fifty-two Senators have answered to their names. There is a quorum present.

Mr. VARDAMAN. I ask unanimous consent out of order to introduce a couple of bills by request for reference.

The PRESIDING OFFICER. Is there objection? The Chair hears none.

Mr. SHAFROTH. Mr. President—

Mr. STONE. I wish to make the point of order that if there is a request for a unanimous agreement to be made, as I understand, to arrange for a vote, having called for a quorum, if we transact business we shall have to have another call of the roll.

Mr. SIMMONS. The Senator from Missouri is right about that.

The PRESIDING OFFICER. Then the Chair would suggest to the Senator from Mississippi [Mr. VARDAMAN] to withdraw his bills. Otherwise business will have transpired.

Mr. SHAFROTH. It will wait until after the unanimous-consent agreement has been presented.

Mr. SMOOT. I ask the Senator from Mississippi to request that the bills introduced by him be withdrawn temporarily.

Mr. VARDAMAN. Very cheerfully I withdraw them temporarily.

The PRESIDING OFFICER. Without objection, that can be done.

Mr. POINDEXTER. I make the point of order that the withdrawal of the bills constitutes business as much as the introduction of the bills.

Mr. VARDAMAN. It can only be done by unanimous consent, and I ask that it be done by unanimous consent.

The PRESIDING OFFICER. Without objection, the bills will be withdrawn by unanimous consent.

Mr. SIMMONS. I propose the order which I send to the desk.

The PRESIDING OFFICER. The Secretary will read the order proposed by the Senator from North Carolina.

The Secretary read as follows:

It is agreed by unanimous consent that on to-morrow, Saturday, October 17, 1914, at 11 o'clock a. m., the Senate will proceed to the consideration of the bill (H. R. 18891) to increase the internal revenue, and for other purposes, and that before adjournment on that calendar day the Senate will proceed to vote on any amendment that may be pending, any amendment that may be offered, and upon the bill itself through the regular parliamentary stages to its final disposition.

The PRESIDING OFFICER. Is there objection?

Mr. McCUMBER. Mr. President—

The PRESIDING OFFICER. Does the Senator from North Carolina yield to the Senator from North Dakota?

Mr. SIMMONS. I do.

Mr. McCUMBER. I wish to ask the Senator from North Carolina why he does not attach to this agreement the usual agreement with reference to debate—

Mr. SIMMONS. I should have liked to have done that.

Mr. McCUMBER. Giving the opportunity for amendments, giving some opportunity for debate upon them, and limiting the debate to a certain length of time?

Mr. SIMMONS. I will state to the Senator that I should have liked very much to have done that, but there was such a difference of opinion among Senators as to how long they would want to speak to-morrow that I found it somewhat impracticable to do it. I thought we might limit debate to half an hour on the part of each Senator. I do not think there will be any trouble about that.

Mr. WEST. Why not make it 30 minutes?

Mr. SIMMONS. I should prefer to do that, but there are some Senators who wish to speak to-morrow who have said that they could not get through in 30 minutes. Following the suggestion of the Senator from Georgia, and hoping to meet the approval of the Senator from North Dakota, I will ask that debate be limited to 30 minutes upon the bill and upon any amendments thereto.

The PRESIDING OFFICER. Is there objection to the request of the Senator from North Carolina, as modified?

Mr. NORRIS. As I understand the proposition as now made, there would be only 30 minutes' debate allowed on the bill.

Mr. SIMMONS. Oh, no. There would be a debate of 30 minutes on any amendment.

Mr. THORNTON. For each Senator?

Mr. SIMMONS. I was intending that it should apply to speeches.

Mr. NORRIS. I have no objection.

Mr. SIMMONS. I was not intending to limit the debate on the amendments. I thought the Secretary would fill up the agreement in the usual way, limiting the speeches upon amendments and the bill to 30 minutes.

Mr. NORRIS. I have no objection whatever to the limitation of time on speeches.

Mr. SIMMONS. Senators might take an hour or two hours on an amendment if there were sufficient speeches to consume that length of time.

Mr. NORRIS. But if the Senator's order be agreed to, it would mean that at the end of the calendar day we should have to commence voting. Why not put in the usual provision in such requests that has proven so satisfactory, fixing a time when the order shall begin, some time to-morrow, say, at 2 o'clock or 3 o'clock; so that, if there are Senators who want to make long speeches, they may do so before that time?

Mr. SIMMONS. We have fixed the order for 11 o'clock.

Mr. NORRIS. Yes; but if you would fix the time at 3 o'clock to-morrow, say, and let the general debate go on from 11 o'clock until 3 o'clock and then limit subsequent speeches to 15 minutes—

Mr. SIMMONS. I should have no objection to that. I should be very glad to begin the debate at, say, 3 o'clock to-morrow, and that after that time speeches be limited to 15 minutes, not more than one speech to be made on the same amendment by any one Senator.

Mr. JONES. Mr. President, I suggest, if we make that change, that we make it the legislative day and not the calendar day.

Mr. SIMMONS. No. We want to vote on the bill to-morrow if it is possible; and all Senators seem to have practically agreed that we can do that.

Mr. LIPPITT. Will the Senator fix some hour at which the vote can be taken? Say 6 o'clock.

Mr. SIMMONS. That would be impracticable.

Mr. CULBERSON. Mr. President, I ask that the request as amended be reported to the Senate.

The PRESIDING OFFICER. The Secretary has not reduced the modifications to writing, nor have they been offered in writing.

Mr. SIMMONS. I have offered modifications, and I now suggest some modifications to the agreement and ask the Secretary to incorporate them in the agreement.

The PRESIDING OFFICER. The agreement as now modified will be stated.

The Secretary read as follows:

It is agreed by unanimous consent that on to-morrow, Saturday, October 17, 1914, at 11 o'clock a. m., the Senate will proceed to the consideration of the bill (H. R. 18891) to increase the internal revenue, and for other purposes, and that at not later than 3 o'clock p. m. on said day the Senate will proceed to vote upon any amendments that may be pending, any amendment that may be offered, and upon the bill itself through the regular parliamentary stages to its final disposition. Further, that after the hour of 3 o'clock p. m. debate upon any amendment and upon the bill shall be limited to 15 minutes, and no Senator shall speak more than once upon the bill or upon any amendment offered thereto.

Mr. SIMMONS. That is correct.

The PRESIDING OFFICER. Is there objection to the request of the Senator from North Carolina [Mr. SIMMONS] as modified?

Mr. POINDEXTER. Mr. President, there is an objection to the request. It seems to me that it is impracticable. It reads that the Senate shall vote upon the bill and all amendments before the close of the calendar day. How are you going to bring that about? There is no telling how many votes will have to be taken. There may be votes on a large number of amendments that will occupy a number of hours' time, especially if there are going to be 15-minute speeches upon amendments.

Mr. SIMMONS. I will state to the Senator from Washington that I do not think there is the slightest doubt about our getting to a vote by 6 o'clock to-morrow.

Mr. POINDEXTER. I know; but I am speaking about the form of this agreement. The important thing is—

Mr. SIMMONS. The agreement is in the form of the agreements we have heretofore made for calendar days.

Mr. POINDEXTER. No; I think the Senator is mistaken about that.

Mr. SIMMONS. According to the agreement, we have got to vote on the bill during the calendar day, and amendments will be taken up as they are presented. Practically all of the amendments, except this one, have already been acted upon and disposed of. There is but one other amendment to be acted upon.

Mr. POINDEXTER. The ordinary form of agreement, so far as I have observed, is that we agree to begin to vote upon the bill and amendments at a certain time.

Mr. SMOOT. I desire—

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from Utah?

Mr. POINDEXTER. I yield.

Mr. SMOOT. I desire to say to the Senator from Washington that the agreement is in the regular form. What the Senator from Washington says is perhaps true, that it would be impossible, if discussion continued, say, within 5 minutes of 12 o'clock to-morrow night, to vote upon all the amendments and upon the bill itself; but in all the past history of the Senate, when agreements such as this have been made, the Senators themselves have honored the unanimous-consent agreement; they have always begun voting in season so that all of the amendments which were pending and the bill itself could be voted on before 12 o'clock midnight of the calendar day.

Mr. POINDEXTER. Mr. President—

Mr. McCUMBER. Mr. President, will the Senator yield to me?

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from North Dakota?

Mr. POINDEXTER. I will yield in just a moment.

Mr. McCUMBER. Let me suggest to the Senator—

Mr. POINDEXTER. I will make a suggestion, and then I will yield to the Senator from North Dakota.

The PRESIDING OFFICER. The Senator from Washington declines to yield.

Mr. POINDEXTER. I will yield in just a second to the Senator from North Dakota.

It is not a question of honoring the agreement. It is a question of knowing when to begin in order to finish within the calendar day. Under the agreement, when we start voting, how can we tell that we shall be able to finish on the calendar day? We might begin to vote 10 minutes before the close of the calendar day. Under this agreement that would be perfectly permissible.

Mr. SIMMONS. I will make the suggestion—if the Senator will pardon me a moment—if it meets the approval of Senators on the other side, that the debate be closed not later than 8 o'clock to-morrow evening. That would meet the point the Senator has in mind.

Mr. McCUMBER. Allow me to ask the Senator from North Carolina why he can not modify his proposition so that we shall begin voting at 3 o'clock, and then have the discussion upon the amendments?

The PRESIDING OFFICER. The Chair will state to the Senator that the proposed agreement does read in that way.

Mr. McCUMBER. No; as I understood it, it was read simply that the 15-minute limitation was to begin at 3 o'clock. Let us have the proposed agreement again read.

The PRESIDING OFFICER. The Secretary will state the proposition as modified.

The Secretary read as follows:

It is agreed by unanimous consent that on to-morrow, Saturday, October 17, 1914, at 11 o'clock a. m., the Senate will proceed to the consideration of the bill (H. R. 18891) to increase the internal revenue, and for other purposes, and that at not later than 3 o'clock p. m. on said calendar day the Senate will proceed to vote upon any amendment that may be pending, any amendment that may be offered, and upon the bill itself through the regular parliamentary stages to its final disposition; that after the said hour of 3 o'clock p. m. no Senator shall speak more than once for a longer period than 15 minutes upon the bill or upon any amendment that may be offered thereto.

Mr. SIMMONS. And that all debate shall be closed at not later than 8 o'clock.

Mr. JONES. I will not accept that.

Mr. SMITH of Georgia. Mr. President—

Mr. SIMMONS. I was going to suggest that that might meet the situation. If the Senator from Georgia objects to it, of course I withdraw it.

Mr. SMITH of Georgia. I think we can get through by that time.

Mr. SIMMONS. So do I.

Mr. SMITH of Georgia. But I would not like to have that provision in the agreement.

Mr. JONES. I will inquire if the proposed unanimous-consent agreement carries the last provision?

The PRESIDING OFFICER. It does not. Is there objection to the request of the Senator from North Carolina as stated by the Secretary? The Chair hears none, and the agreement is entered into.

ORDER OF BUSINESS.

Mr. SMOOT. I ask unanimous consent that the Senate proceed to the consideration of bills on the calendar under Rule VIII.

Mr. SIMMONS and Mr. WILLIAMS addressed the Chair.

The PRESIDING OFFICER. The Senator from Utah has the floor, and is entitled to state his proposition.

Mr. SIMMONS. I want to make a parliamentary inquiry.

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from North Carolina?

Mr. SMOOT. I do.

Mr. SIMMONS. I want to make a parliamentary inquiry. That is always in order, I think, Mr. President.

The PRESIDING OFFICER. It is.

Mr. SIMMONS. How did the war-revenue bill get displaced?

The PRESIDING OFFICER. It has not been displaced, the Chair will state. The proceedings have been by unanimous consent.

Mr. SIMMONS. Then I object.

Mr. WILLIAMS. I also object.

Mr. SMOOT. Of course that will settle it.

The PRESIDING OFFICER. Objection is made.

Mr. SHEPPARD. Mr. President, I want to present a paper for reference to the Committee on Printing, with a view to its publication as a public document.

Mr. WILLIAMS. I object to that.

The PRESIDING OFFICER. The Senator from Mississippi objects. In the absence of unanimous consent, the paper can not be received.

Mr. SMOOT. I move that the Senate proceed to the consideration of the calendar under Rule VIII.

Mr. WILLIAMS. I make the point of order that that can not be done with the war-revenue measure pending as the unfinished business of the Senate.

Mr. SMOOT. I have no doubt that it can be done, but I am informed that the Senator from Mississippi desires to speak upon the pending bill. If that is the case, of course I will not submit the motion. My understanding was that there was no business before the Senate; that the revenue bill was to be laid aside until to-morrow morning; and I did not want to lose this afternoon; but if the Senator from Mississippi desires to speak, I withdraw my motion.

Mr. WILLIAMS. I decline to be put before the country in the attitude of wanting to speak.

Mr. SMOOT. Mr. President, I do not want the Senator from Mississippi—

Mr. WILLIAMS. The point that I am making is a parliamentary point; and that is, that the war-revenue bill is before the Senate, and the regular order is that bill.

The PRESIDING OFFICER. The Chair is of the opinion that it can be displaced by motion if the Senate so desires.

Mr. WILLIAMS. Very well.

The PRESIDING OFFICER. But the Senator from Utah withdraws his motion.

Mr. SMOOT. Mr. President, I want to say that I have no intention whatever of trying to put the Senator from Mississippi before the country as wanting to speak. It is a usual courtesy that has been granted on both sides whenever a Senator desires to address the Senate that nothing should be allowed to interfere with him.

Mr. WILLIAMS. But the Senator from Mississippi does not desire to speak. The Senator from Mississippi wants the war-revenue measure to go on, and then, if the Senator from Mississippi speaks upon it, it will be all right.

Mr. SMOOT. Then I have been misinformed. So that there may be an opportunity for any Senator to speak upon it who desires to do so, I withdraw my motion.

Mr. SHEPPARD. I present a paper to be referred to the Committee on Printing for action.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas?

Mr. WILLIAMS. I object.

The PRESIDING OFFICER. The Senator from Mississippi makes objection.

Mr. WILLIAMS. I will withdraw my objection to the request made by the Senator from Texas [Mr. SHEPPARD], but I am insisting upon the fact that the regular order of business is the war-revenue measure. I do not like to have to object to the requests of Senators.

The PRESIDING OFFICER. The Senator from Mississippi withdraws his objection to the request of the Senator from Texas; and, in the absence of objection, the paper presented by the Senator from Texas will be referred to the Committee on Printing for action.

EMERGENCY-REVENUE LEGISLATION.

Mr. SIMMONS. I now call for the regular order.

The Senate, as in Committee of the Whole, resumed consideration of the bill (H. R. 18891) to increase the internal revenue, and for other purposes.

Mr. JONES. I desire to present for printing an amendment to be proposed as a new section to the revenue bill.

The PRESIDING OFFICER. In the absence of objection, the amendment will be received, printed, and lie on the table.

Mr. SIMMONS. I desire to inquire whether there is any Senator who wishes to address himself to the pending bill?

Mr. WILLIAMS. Mr. President, the matter regularly before the Senate being the war-revenue measure, I want to call attention, so as to get it out of the way for to-morrow, to an amendment offered by me to-day to the amendment offered by the Senator from Georgia [Mr. SMITH]. My amendment is to strike section 26 out of the Smith amendment; to strike out all of section 29; and to strike out the remainder of section 30, beginning with the language in line 17, "For the year 1917."

Mr. President, my object in offering this amendment is to strike out the tax features of this proposed cotton provision. My reasons I wish briefly to state to the Senate. I suppose the general lack of interest of the Senate this morning in the amendment offered by the Senator from Georgia [Mr. SMITH] was owing to the fact that nobody expected it to pass, and for that reason Senators spoke to empty benches. I presume that a part of the reason that nobody thought it would pass, and that every Senator knew he had to address empty benches and make his speech for consumption elsewhere, grew out of the persuasion in the mind of Senators of the questionable constitutionality of the amendment itself with this cotton-tax feature in it.

Now, I want to tell why I believe that those of you who want any real relief for the South will not vote for the amendment offered by the Senator from Georgia with the tax provisions in it.

Immediately after the war between the States the Congress of the United States passed a law levying a tax upon cotton. It was avowedly passed as a war tribute; it was a tribute to be levied upon the South for "rebellion," as it was called; that is, for the part which she had taken in the Civil War. It was a tax of so much per pound upon cotton, just as the tax provided in this amendment is. The fact that that tax had one object and this another has nothing to do with the question of legality. That the object of the first tax was to punish the

South and the object of this tax is to help her has nothing to do with the constitutional question.

Mr. President, a very interesting case grew up out of that; interesting more to me, and perhaps to the Senator from Alabama, than to some other people, because we were personally acquainted with a great many of the parties. William M. Farrington, of Memphis, Tenn., carried that case into court by refusing to pay the internal-revenue collector in the Memphis (Tenn.) district, a man by the name of Sanders. Out of that came the case of Farrington against Sanders. That was at a time, remember, when the entire Federal judiciary, almost without exception, were South haters. I am not saying that in derogation of them at all, for it was very natural that they should have been. We had just been killing one another a little while before that. The judge in the court below held that law to be constitutional.

Now, I want to tell you the argument that was made in the case. You will not find the case published, because there never was a decision by the Supreme Court, and, therefore, of course the Supreme Court did not publish it. Whenever a case remains law by the decision of the Federal judiciary, but without the decision of the Supreme Court, it is, of course, not published in the Supreme Court Reports. After that judge had decided that case in that way, it went to the Supreme Court of the United States. Eight justices of that court heard that case. With public sentiment at that time in the condition which I have described, the avowed object of that law having been "to make rebellion odious" in the country and to make the South pay, as far as she could be made to pay, an indemnity for the expenditure which she had caused the North to make in order to overcome her in the struggle—notwithstanding all that, when that case went to the Supreme Court of the United States only four justices of the Supreme Court held that it was constitutional, and four justices of that tribunal held that it was not constitutional. These were, remember, four judges of the court of the conquering section immediately after—

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Idaho?

Mr. WILLIAMS. I do.

Mr. BORAH. I want to ask the Senator from Mississippi if he will state, in a brief way, the reasoning upon which the four judges held it unconstitutional?

Mr. WILLIAMS. I was just about to do that, though the reasoning is not stated by them.

Mr. BORAH. I know it is not.

Mr. WILLIAMS. When a case goes up from the lower court and the Supreme Court divides equally, then, of course, the judgment of the lower court stands, and all the Supreme Court does is to certify back the equal division of the judges and the affirmation on that ground.

The court below gave an opinion, without giving any reasons for it. You can not find the case published; but it is over here in the Congressional Library, and it is down here in the United States Supreme Court room; and I think a copy of it is also in the Senate library. It is the case, as I have said, of Farrington against Sanders.

I will now give you the argument made by those who contended that it was unconstitutional; and it is very strong, indeed, if not unanswerable, to my mind. Mind you, I am not saying that the tax is constitutional or unconstitutional; it is a mooted question, as yet undecided by the court of final resort; but I am saying that it is a tax of very questionable constitutionality, and that if the present Supreme Court should determine that it is unconstitutional, then the Smith amendment is written in water and you shall have extended to the cotton planters of the South no relief whatsoever, because the tax is indissolubly a part of the amendment as proposed by the Senator from Georgia. That is not all; you will have endangered this entire bill unless you add to it a proviso saying that "if any section of this bill shall be declared unconstitutional it shall not affect the other sections thereof."

Now, I will give the reasoning of those who contended that it was unconstitutional, so that you yourself may judge of its strength. That argument was made by the firm of Wright & McKissick. I stated a moment ago that I had some personal reasons to feel interested in the case. Lewis D. McKissick, who really made the argument, had married one of my wife's sisters. I studied law in the office of Harris, McKissick & Turley, two of whom—Isham G. Harris and T. B. Turley—were afterwards Members of this Senate. This was their argument in brief: They said, in effect, "This tax is either a direct tax or it is an indirect tax." So far there is no answer to that, is there? There can be no other sort of Federal tax. They stated that if it be a direct tax, then it is violative of the Constitution

in this, that it was not apportioned amongst the States. They went still further and said if Congress had tried to apportion the tax amongst the States, Congress could not, from the very nature of the case, have done so, because cotton does not grow in New Hampshire or in Maine; and the nonsense of making New Hampshire and Maine pay their proportionate part of a cotton tax would have been apparent upon the face of the paper. They argued also that it was a direct tax, because a tax on the product of the land was a tax on the land itself, and so forth. If a direct tax, it was unconstitutional, therefore, because not apportioned. Then they said, if it was an indirect tax, it was still unconstitutional because it was not uniform and it was obnoxious to that clause of the Federal Constitution which says, in reference to indirect taxes, that "all duties, imposts, and excises shall be uniform throughout the United States."

They said, moreover, that it was not intended to be uniform, but to constitute a sectional punishment, and that, moreover, it could not have been made uniform, because a tax upon cotton, which could not possibly be grown outside of 11 States of this Union, could not be made "uniform throughout the United States" by a fiat of the legislature. That which nature herself has rendered impossible law can not make a fact.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Idaho?

Mr. WILLIAMS. Wait one second. It is not a question as to whether you could levy a Federal tax upon a product which does not grow in one State or another, but a question of taxing a product which can not be made to grow in some States—indeed, in most of the States. Remember that distinction.

Now I yield to the Senator from Idaho.

Mr. BORAH. What does the Senator say to the argument that, while cotton does not grow in all the States, it does grow in some 12 or 15 States, and that the rule of uniformity would apply only as to those States in which a particular product grew? If you could make it uniform as to those 11 States, would not that comply with the provision of the Constitution of the United States?

Mr. WILLIAMS. No, sir; because the language of the Constitution is "throughout the United States"; that is to say, in all the United States.

The exact language of the Constitution is:

But all duties, imposts, and excises shall be uniform throughout the United States.

Mr. BORAH. That does not change the argument a particle, to my mind. It is uniform throughout the United States; but it does not operate, by reason of nonproduction, except in some States. That, however, is not a principle which inheres in the law. That is by reason of a physical fact. It is uniform, and can be made uniform, throughout the United States, and applied to every State alike in which the product is raised.

Mr. CLAPP. Mr. President—

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Minnesota?

Mr. WILLIAMS. I do.

Mr. CLAPP. I have listened, of course with intense interest, to the argument of the Senator. I am thoroughly in accord with the position taken by the Senator from Idaho. If the position contended for by the Senator from Mississippi is correct, the Federal Government could not levy a tax on any product if it so happened that there was a single State in the Union in which that product was not or could not be produced. If it is uniform so far as it can be produced, then it becomes uniform throughout the entire Republic; otherwise, a tax on whisky would be void if, in some particular State, there was a constitutional prohibition against its manufacture.

Mr. WILLIAMS. Oh, no; it does not mean "forbidden by law."

Mr. CLAPP. The same thing would apply to tobacco.

Mr. WILLIAMS. No; it would not apply to tobacco. There is not a State in the Union which can not raise tobacco—from Florida to Maine it can be raised—and I doubt if there be one State that does not actually now raise a little of it; and it does not apply to whisky, either, because there is not a State in the Union where whisky can not be distilled, and out of products raised in the State. If the law prohibits its distillation, that is a different matter; but that is not the question; it still could be done, and is done, and we now collect taxes on whisky—not distilled, it is true, but sold in States where its sale is forbidden.

Now, just to argue *ex abusa* for a moment. Senators, remember while I am arguing it that I am not stating that the tax is unconstitutional. Remember that I am not taking the position that the tax is constitutional, either. I am merely attempting to make it appear, beyond all peradventure of a doubt, that it is a tax of questionable constitutionality. If others shall differ

with me and deem it indisputably constitutional, my vote will give the benefit of the doubt to my constituents. But why take the risk? Why give to the southern people a relief which is questionable and possibly invalid? If you want to be right about it you do not want to run that risk.

Now, to go to the argument *ex abusa*: Suppose that the position taken by the Senator from Idaho [Mr. BOBAH] and the Senator from Minnesota [Mr. CLAPP] were correct, and that when the Constitution says that these indirect taxes shall be "uniform throughout the United States," it does not apply to a product upon which a tax is levied when the product can not be raised in a particular part of the United States constituting several States. Why, then, the Federal Government could make the South pay all the internal-revenue taxes of the country by simply levying them upon cane sugar, rice, cotton, pineapples, oranges, and the other things that we alone can grow. You could not make the North pay all of them, because there is not a thing that you can grow that we can not grow. There is where the former cotton tax was sectional, and that was the reason of its passage. The reason of it was to levy an indemnity upon the South under the form of law and by taxation. They could not levy an indemnity upon it in the way in which Germany levied one upon France during the Franco-Prussian War, because there was no longer any South in the political or governmental sense, and therefore they proceeded to levy it in this way. So persuasive were these arguments, whether sound or not, that four judges of the Supreme Court of the United States—the tribunal of the conquering section, anxious to pursue the conquering section's policy—decided that that tax was unconstitutional.

I say to you that if you leave this tax in this amendment, then the chances are—or the possibility is, at any rate, and I think the probability is—that you will hold out to the southern cotton farmers what will be apples to their eyes and ashes to their taste.

Mr. CLARKE of Arkansas. I think you ought to give them the benefit of the doubt, even if it is doubtful.

Mr. WILLIAMS. Oh, I beg the Senator's pardon. That is not all of the Smith relief bill.

Mr. CLARKE of Arkansas. Will the Senator permit me to say a word at this point?

Mr. WILLIAMS. Let me answer that, first. The Senator says we will not even give them a chance at it. The amendment offered by the Senator from Georgia provides, first, for a tax in one part of it. Another part of it is that the Secretary of the Treasury shall have bonds prepared in the sum of \$250,000,000. The next is that those bonds shall be used for the purchase of 5,000,000 bales of lint cotton; that 10 cents a pound shall be paid for that cotton when it is middling grade, and other grades of cotton—

Mr. CLARKE of Arkansas. If the Senator is simply going to read the bill, will he not permit me to say what I have in mind first?

Mr. WILLIAMS. No; pardon me. In my own time I will yield to the Senator from Arkansas, and not before.

Mr. CLARKE of Arkansas. Evidently the Senator wishes to get away from the question, and he might as well kill time in that way as in any other.

Mr. WILLIAMS. I have told the Senator that I would yield to him as soon as I had answered his first question. If my answer is not satisfactory to the Senator it will be satisfactory to me, and that is the main thing.

Mr. CLARKE of Arkansas. I desired to make an observation at that point, because—

Mr. WILLIAMS. I have not yielded to the Senator from Arkansas. He knows the usages of this body as well as any man that belongs to it, and he ought to obey them.

So that the real relief to the South is contained in the issuance of the bonds, in the purchase of the cotton upon a middling basis at 10 cents per pound, and in the prorating of the amount of money to purchase cotton between the States according to their cotton production. Those are the other provisions of this Smith amendment. My amendment neither strikes them out nor touches them. To say that if I strike out the provision imposing a tax upon the cotton planter I strike out the only relief carried by the bill is to say just the opposite of what would be the case. I am striking out, or seeking to strike out, only that which will possibly render the attempted relief nugatory.

Now I will yield to the Senator from Arkansas.

Mr. CLARKE of Arkansas. It is not so much a question of yielding. I just wanted to make the observation that no court has ever for a single moment paid the slightest attention to the proposition that a tax upon a product which was not raised in every State of the Union was void because it was not uniform. The principal argument made about the validity of the tax laid

directly upon the cotton, *eo nomine*, was that it was a direct tax on the land out of which the cotton was grown, and therefore void because it was not apportioned. No lawyer of any standing ever had the temerity to go into that court and seriously contend that because a product was not raised in every State of the Union, therefore the tax was obnoxious to the provisions of the Constitution.

Mr. WILLIAMS. Oh, I beg the Senator's pardon.

Mr. CLARKE of Arkansas. Such a proposition would not even rise to the dignity of a chestnut. The Senator may stress it as much as he desires, but if he wants to debate this question along the lines where the real controversy exists he will get away from that, and get away from it as completely and as quickly as he can.

Mr. WILLIAMS. The Senator from Arkansas, in a very dogmatic manner, says that no lawyer ever did go into court and make the argument which these very men made in this very case—

Mr. CLARKE of Arkansas. One of them did.

Mr. WILLIAMS. And which four judges of the Supreme Court out of eight must have accepted. In addition to that, suppose the Senator's position is correct; suppose the argument relied upon by the four was the one made that a tax upon cotton was a direct tax because it was a tax upon the land; then, still what I said a moment ago remains true; the tax is of questionable constitutionality.

Whether the four judges who declared that that tax was unconstitutional declared it upon the ground which the Senator from Arkansas stated, which was an argument made by counsel in that case, or declared it upon the ground which I have stated, which was also an argument made by counsel in that case, I do not know, because there is no decision of the court giving the reasons for their opinion. They merely certified back the fact that there was an equally divided court, and therefore no decision of the Supreme Court. But upon one of these two grounds four of the judges of the Supreme Court held that this tax was unconstitutional, and that at a time when everything that could hurt the South was popular in the North, with the judiciary and with everybody else.

Mr. THOMAS. Mr. President—

Mr. WILLIAMS. So, I say, this proposed tax is a tax of questionable constitutionality. If Senators want to carry to the southern planter real and undoubted relief of some sort, let them take this Smith amendment without the tax.

One word more. There is but one justification of this amendment, and that is the calamity itself. That is all. There is not a man within the sound of my voice, there is not a Senator who does not know that this is a desperate remedy for a desperate ill, and that it is a remedy that none of you would advocate for a moment in normal times. Every one of you knows that there is but one possible justification for a very bad precedent, and that is the unprecedented calamity itself.

What was the justification for taking \$5,000,000 out of the United States Treasury and giving it to San Francisco at the time of the earthquake and the fire? There could have been none except simply this: "This is a case where not law but charity is called for."

Mr. CLARKE of Arkansas. I deny that.

Mr. WILLIAMS. I say that is the only thing in the case of San Francisco. What else does the Senator think there was?

Mr. CLARKE of Arkansas. I thought the Senator applied that remark to the cotton situation.

Mr. WILLIAMS. There was no justification for what occurred in the case of San Francisco, except that that was a calamity, a terrible hurt, where not law was applied for, but charity; and the ground was that while the Government of the United States is a government of limited powers, there is nothing that can keep it from putting its hands into its pockets and giving away its money, after it is once in the Treasury, whenever it chooses. Now, if the Government has a right to give away its money it has a right to lend away its money.

I have never yet seen a man who could justify upon any other constitutional ground what was done in the case of San Francisco. I have never seen one who pretended to justify on any other ground what was done in the case of the French islands at the time of the volcanic eruption. I say no man can justify this legislation except from analogous reasoning—that there is a great calamity, a desperate problem, a totally unprecedented condition, requiring a generous giving or a general lending, and that is all.

This is stronger than the San Francisco case, because the Treasury holds now \$68,000,000 of our money, gotten from the old cotton tax. Give us back at least that. If that be the case, why tax the man suffering from the calamity? Every man who raises a bale of cotton will have to pay the tax, if he raises

it under the conditions where any cotton is taxed. But that is not the main part of my argument. It is that if you should pass this Smith amendment I want it in such shape that no court in Christendom can question it. Now, you can issue bonds, and you can do what you please with that money. Nobody has ever undertaken to question what the Federal Government did with its money after it once got into the Treasury, provided it got out in a constitutional way—that is, by act of Congress.

Mr. CLARKE of Arkansas. Mr. President, I do not intend at this time to say anything about the bill, nor any of the particular features of it; but I deem the occasion an opportune one to say something about the positive and emphatic way in which the Senator from Mississippi [Mr. WILLIAMS] proposes to metamorphose his want of information about these questions into the right to correct others who know something about what they are talking.

The tax laid in 1866 was in terms a direct tax on cotton. The distinction between a direct and an indirect tax, at that time and for many years subsequently thereto, was a very hazy one. The court found great difficulty in defining the proposed tax in any particular case. Proceeding upon the doctrine of logic, they could start out from one point and soon land at a point where any tax would be direct, and therefore would require apportionment according to population. The court finally committed itself to the proposition that any tax on profits directly issuing, one step removed, out of land, was a tax on land, and that any profit directly issuing out of personal property, one degree removed, such as rents or hire, was a tax on personal property, and that if direct taxes were property taxes in the strict sense of the term they must be apportioned. The court finally committed itself to that doctrine in the so-called Income Tax cases, and it has been accepted ever since. So, in order to make these taxes valid, instead of having them laid on the article itself, they lay them upon some privilege connected with it—the right to vend it, or the right to manufacture it, or to vend it in manufactured form intermediate between its production and its sale to the final consumer.

This tax, therefore, is laid upon lint cotton, which is a semi-manufactured product. Cotton as it is picked from the field is not in a condition to be immediately manufactured into yarn. It must go through a preliminary process, which is manufacturing in character, known as ginning. This tax is laid upon the production and sale of lint cotton. It brings itself directly within the terms of what are known as the oil cases, the sugar-refining cases, and cases of that character. The matter has all been beaten out to the absolute satisfaction of the court, and when they come to deal with questions of this sort now there is not any argument at all on the subject.

Mr. BORAH. Mr. President—

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Idaho?

Mr. CLARKE of Arkansas. I am glad to yield to the Senator from Idaho.

Mr. BORAH. I am frank to say that when I first examined this matter I had very grave doubts as to the constitutionality of this amendment; but as I view it now, after having reviewed those cases to some extent, if we should take the decisions prior to the last income-tax decision, it would not be invalid, for the reason that up to that time the courts had universally held that a tax upon personal property could be laid without apportionment. If we should take the decisions since the rendition of the noted income-tax case, it would certainly come within the distinguished principles on which the sugar tax and like taxes were upheld.

Mr. CLARKE of Arkansas. And we had the doctrine of those cases in mind at the time we prepared this amendment.

Mr. BORAH. So far as I am concerned, I do not think the later decisions can be reconciled with the former decisions; but that would have no effect upon the validity of this law if the court should follow the later decisions.

Mr. CLARKE of Arkansas. No; it might be upheld under either. But in none of these cases—the Oil cases, the Sugar cases, or any of the other cases—did any lawyer of any reputation stand before that court within the last 35 years and talk about a tax being invalid because it was not laid upon a product that was found in every foot of territory in the United States.

This particular tax, so far as its validity is concerned, is not doubtful. So far as its policy is concerned there may be those who would rather be regular and undertake to dispose of matters in the phraseology that obtained when people wore queues and knee breeches than to meet actual conditions in their own country to-day.

This Government was invented to meet emergencies and to deal with human problems and to deal with them as they arise.

The first 30 years of the existence of this Government were devoted to the preservation of human rights and human liberty, the right of trial by jury, free speech, and things of that kind. But they passed out. We have reached the practical era of this country's history to-day, and its powers and potentialities must be meted out to those who need them and where they need them. It is always a question of judgment where the line is to be drawn.

In this particular case we say, "Here are 20,000,000 people who, upon the invitation of commerce and this country, have produced a commodity that is absolutely essential to the prosperity of this country to the amount of a billion dollars, that ramifies its industries and its commerce from one end to the other. Not because of any bad judgment of theirs, not because of anything that they could have foreseen, but by reason of a national and an international cataclysm that has involved the whole civilized world that product, now ready to go into commerce, has been arrested and stopped by conditions too large for individual effort to deal with, too large for individual financial arrangement to compass and control. They ask the right to conserve it until such time as normal conditions can be restored, when it can be turned loose on commerce and take its chances there as it intended to take them when it was produced."

We are not here as mendicants. It is an insult to the cotton raisers of the South to have the word "charity" applied to them; and I tell you so, sir. They are not asking for charity from anybody. They are as proud and self-reliant a people as God Almighty ever permitted to live on any continent that was ever created. They simply say this is their Government, and they come as self-respecting and self-relying people asking their Government to give them the machinery by which they can mobilize and control a self-supplied relief under the forms of law. They ask this great Government to lend the use of its printing presses to print \$250,000,000 of bonds that they can exchange for 5,000,000 bales of cotton. For the payment of those bonds—not for their repayment, but for their payment—you have the 5,000,000 bales of cotton. If the history of commerce shall repeat itself, that fund will be ample to discharge that debt. If it shall not be, you may use the universal, irresistible, power of taxation to go down among us every year and take out an amount equal to \$50,000,000 until the balance is paid.

If the cotton that is bought by the bonds shall bring only 5 cents a pound, there will be a resulting deficiency of \$125,000,000. A tax of 1 cent a pound on 10,000,000 bales of cotton will yield \$50,000,000 a year, and the security is just as ample as a mortgage on this building for \$1,000 would be.

There is no risk about it; there is no charity about it. We are simply saying that we have been presented with a problem the colossal outlines of which the world has never known before. We ask the greatest, justest, most benevolent Government that man ever instituted for his own control to take notice of it in all of its bearings; to consider it, not as a southern nor as a sectional proposition, for that cotton to-day is an asset that belongs to the commerce of the Nation, and affects every man in it. If there were no cotton raised in Arkansas and other southern cotton States there would be more dog fennel growing in the streets of Providence, R. I., and Boston, Mass., and Salem, Mass., than there would be in Arkansas or any other Southern State. That product furnishes international commerce to cover the international balance of this country to an amount every year of more than \$600,000,000, and the balance in our favor has never been \$500,000,000.

I do not want any books. I have gotten beyond books. Anybody who does not know it without looking into a book does not know what is going on in the South. The Senator from Mississippi must have a very extravagant idea of his own importance as a lawyer when he undertakes to stand up here and quote old chestnuts that John A. Campbell and William L. Stuckey refused to quote before the Supreme Court 40 years ago, and undertake to say that we did not know what we were doing when we prepared that amendment. Some of us have had to make a living by working for it, and some of us have worked among the law books, and we think we know something about them. There is nothing the matter with the amendment. It is not understood. Senators on the other side of the Chamber—I have no patience with these over here—do not understand the situation. If they did, the great common sense and patriotism that have characterized their conduct in dealing with great questions of this kind are all that it would have been necessary to appeal to.

Mr. BORAH. Mr. President—

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Idaho?

Mr. CLARKE of Arkansas. I do.

Mr. BORAH. Some of the Senators on this side of the Chamber do understand the situation of the South.

Mr. CLARKE of Arkansas. I am sure the Senator from Idaho does, because he understands nearly every question that affects human rights and human sense of justice.

Mr. BORAH. But here is the situation: A great many of us on this side of the Chamber do not believe this situation is organized for success. If we were sure that it was you would get a good deal more support over here than under the present conditions.

Mr. CLARKE of Arkansas. I can not quite understand the Senator, if he has in the remotest degree any intention to apply any such intimation or insinuation as that to myself and a dozen or two others that I could mention.

Mr. BORAH. No; not to the Senator from Arkansas, and not to the other Senators who are urging this amendment here; but it is no longer a secret that the administration is opposed to this amendment. Now, what is the use of appealing to the Senators on this side of the Chamber when this measure can not be put through to its finality, with this amendment in it, without the approval of the administration?

Mr. CLARKE of Arkansas. Let me say to the Senator from Idaho that I think he has been misinformed when he puts the sense of patriotism and the sense of justice of the President of the United States at so low a point as that. If he should prove to be half as good a prophet as he is a lawyer and a statesman, if the President of the United States should veto the bill with this provision in it, the history of this country would be written a little bit differently than would be the case had he signed it.

The people who are behind this movement are in earnest about it. It is putting to the final and supreme test the strength and ability of this Government to deal with the problems of to-day. The Government alone can deal with this question in an adequate way. The people of the South, as a part of the national toilers, must contribute something to the prosperity of this country and have enough left to support themselves in a reasonable degree of comfort. If this transaction in its outlines can not be presented to the President of the United States and the Democratic administration in such a way as to have it recognized, for the first time in the history of that great party a condition would come about that would require many who are following its banners to success, who followed them even in adversity, when they had no chance of success, to begin to inquire if the time has not come for them to see who has made the mistake—whether those who are on the side of the administration or they themselves in their party allegiance.

No; I think some one has misinformed the Senator from Idaho. I do not believe the President of the United States will veto the bill with this provision in it. I will go a little further than that and say that it would not be a good thing for him to do it; and as he is in the habit of doing good things, I am satisfied he will not do a bad thing there. He may have been, in the multiplicity of duties that have been imposed upon him since his incumbency of that great office, so engaged that he has not informed himself about the critical conditions in the South.

They are not conditions of human suffering. Take Arkansas: Arkansas has a billion dollars' worth of property within her borders, and the whole cotton crop of the State amounts to only \$60,000,000. Do you suppose anybody is going to starve in a State like that? A human being never starved in the State of Arkansas, and they are not going to starve there. They do not go there to starve. That is a feature of the case I will never debate. That is an aspect upon which I will never base an appeal. The men there are able to work; they are a self-reliant, self-respecting people. But they are in a civilized Government of which they are a part. They have a right to come to their Government just as any citizen has a right to come to this Government and state a case of such character and magnitude as calls for governmental action.

Some of the Senators here, I thought, took a rather narrow and unpatriotic view in saying that other products should be favored. Whenever you get a situation of this kind involving a matter of this magnitude, one so distinctly outside of the ability of the combined individual effort to deal with successfully, then your case is made, and I am here to stay with you.

The copper business, I ought to say, is one of the minor interests of the country. It is one of the great trusts of the country. They know just exactly how much copper they have in their mines, just as a man knows how much money he has in bank, and they dig it out if they can sell it. They do not dig any more. The price is artificially stimulated. They have now all they choose to dig, and they turn their miners off and put their miners into a violent controversy with themselves, and keep them entertained otherwise. There is a completed product,

and it can only produce once. It is actually lying there and must be dealt with. It is not analogous at all to this condition. The proposition the Senator from Utah [Mr. SMITH] introduced has none of the features of this one. There is no prospect there to make up any deficiency. The copper has been bought and sold, and if a deficiency results they could levy a tax on the balance of the copper there. The Amalgamated and the other great copper companies do not borrow money on any such terms as that. This is a different case altogether. What the Senator attempted to apply was a proposition to create a new value in that respect and to still further congest the market. If the market has been oversupplied, I am amazed that something must be done with it now.

In the case of cotton, another year must ensue before another crop can be made. We have coupled with the proposition a provision to limit the output next year, so that the excessive supply this year, united with the limited supply next year, will make a sufficient supply for both years, and render the market normal and bring a price, as it ought to do, where it will sell by reason of its inherent standing in the markets of the country.

I did not intend to discuss the matter this afternoon. I may take occasion to say a few more things before the debate is closed. I only want to have it understood that the Senator from Mississippi spoke for himself and nobody else in his assault upon the legal qualifications of Senators who took it upon themselves to qualify themselves to write a provision to put in this bill, and we did not put in it something that rendered it ridiculous, as we are told to-day in the ipse dixit of the Senator from Mississippi, based upon what he thought somebody said in 1866.

Mr. WILLIAMS. Mr. President, I am sure I am astonished, and I should imagine that even the Senator from Arkansas would be astonished, if he thought that I made any assault upon his legal qualifications. I knew there was nothing under the sun that would more easily arouse the Senator's indignation, if not his scorn, than that anybody should doubt his legal qualifications. Being such a good friend of mine, therefore, and I of his, it would be about the last thing in the world I would have thought of doing. But even Homer was known to nod at times. The Supreme Court itself, for about 100 years, decided that the income tax was constitutional, and then afterwards decided that it was not. And it did occur to my mind that it was possible—merely possible—that a legal proposition might be advocated by the Senator from Arkansas and still be questionable as to its constitutionality. Remember, I was awfully anxious not to say I thought it was unconstitutional. My main reason for saying that was that the Senator from Arkansas thought it was constitutional. If it had not been for the position of the Senator from Arkansas I might have gone further, remembering how far four judges of the Supreme Court of the United States had gone, and said I thought it was unconstitutional; but I knew that that would make the Senator from Arkansas perfectly angry, clear down to the bottom of his shoes. But I also knew more than that. I have such high respect for his real ability as a lawyer that the fact that he holds an opinion really and sincerely does make me doubt my own.

But notwithstanding the fact that I do not arrogate to myself to be a great lawyer, and never have done it, and that I have never grown impatient with a single human being who ever differed with me in a matter of legal opinion in all my lifetime; and notwithstanding the fact that the Senator from Arkansas always does, I still say that this very tax went to the Supreme Court of the United States and four justices of that court pronounced it unconstitutional.

Mr. CLARKE of Arkansas. I am sure the Senator from Mississippi wants to be right. The fact that it went before the Supreme Court of the United States was a statute which read as follows:

There shall be paid—

This is an extract from the statute of July 13, 1866, found in Fourteenth Statutes at Large, page 98—

There shall be paid by the producer, owner, or holder upon all cotton produced within the United States, and upon which no tax has been levied, paid, or collected, a tax of 3 cents per pound, as hereinafter provided; and the weight of such cotton shall be ascertained by deducting 4 per cent for tare from the gross weight of each bale or package; and such tax shall be and remain a lien inureon, in the possession of any person whomsoever, from the time when this law takes effect, or such cotton is produced as aforesaid, until the same shall have been paid; and no drawback shall, in any case, be allowed on raw or unmanufactured cotton of any tax paid thereon when exported in the raw or unmanufactured condition.

Mr. WILLIAMS. I am not ignorant of that case. By the way, I wish I could have gotten the case here, but the Supreme Court will not allow you to take it out, and you can not get it

out of the Congressional Library. They have but a copy apiece. This particular amendment reads:

That during the year of 1915 a special excise tax is hereby levied, and shall be paid and collected not later than December of said year, upon every person, firm, or corporation engaging in the business of planting, growing, or producing cotton, said tax to be measured as follows—

And then follows the tax—so much per pound. Now, the other or former cotton-tax bill does not say "as an excise tax to be measured" at so much per pound "shall be levied, collected, and paid," but says simply, so much per pound shall be "levied, collected, and paid" upon cotton. That is the only difference.

Mr. CLARKE of Arkansas. One was on cotton, and the other on the production of it.

Mr. WILLIAMS. No; I say that is the only difference.

Mr. CLARKE of Arkansas. Mainly.

Mr. WILLIAMS. That is the only difference that amounts to anything. Of course, I did not mean the language of this was copied from that. Mr. President, "tweedledee" and "tweedledum" are farther apart, infinitely, than a provision which says "2 cents a pound shall be levied upon cotton" and another one which says "2 cents a pound shall be levied on it as an excise tax." If it be an excise tax, it is one, whether the bill so denominate it or not. If it be not, but be a direct tax, then it is so in spite of the language of this act.

That is all about that. But I did not rise for the purpose of arguing the matter further. I rose merely for the purpose of disclaiming all idea of putting my legal attainment, my legal opinion, my intellectual ability, or my capacity to understand a question in comparison with or in contrast with that of the Senator from Arkansas. I would as soon compare a farthing rushlight with the great sun itself. Outside of that, even if I had entertained the notion that I and my accomplishments could be upon the same plane, or near it, I love the Senator from Arkansas so much and know him so well that I would not have said it out loud, because I would know the minute I had said it he would never have been as good a friend of mine after as he had been before.

Mr. THOMAS obtained the floor.

Mr. CLARKE of Arkansas. Just a word.

The PRESIDING OFFICER. Does the Senator from Colorado yield to the Senator from Arkansas?

Mr. THOMAS. I yield to the Senator from Arkansas.

Mr. CLARKE of Arkansas. The Senator ought not to expend all his goodness of heart on me in his very extravagant eulogy on my alleged legal ability. It would be more a tribute to my ignorance if he thought I had associated myself with great lawyers to help to prepare that amendment and then brought something in here that would have swept it aside as readily as he seems to be able to do.

Mr. WILLIAMS. I only said it was questionable.

Mr. CLARKE of Arkansas. Well, if you had said it was unconstitutional at all, then I would not have argued at all. I would have known then it was all right. But the very fact that the Senator injected a matter of doubt into it made it necessary for me to say something about it. I suggest to the Senator he should have spread out his goodness of heart likewise on the cotton raisers of his own State, who are now in dire need, by a recognition of this Government based upon some broader and more manly principle than charity.

Mr. WILLIAMS. I have never said anything—but the RECORD speaks for itself, and it will speak.

Mr. THOMAS. Mr. President, I believe I have the floor.

Mr. WILLIAMS. Then I will ask the Senator to yield to me for just one moment to answer the Senator from Arkansas.

Mr. THOMAS. Certainly.

Mr. WILLIAMS. I did not know the Senator had the floor.

I want to say that so far as "expending some of my goodness of heart" upon the planters of the South and the cotton raisers of the South is concerned, nobody needs that I should profess love for them. I am one of them, and what hurts them hurts me. I want to "expend a good deal more of my goodness of heart" on them than the Senator from Arkansas does. I do not want to conjoin with the relief which we are giving them a tax upon them, especially a tax which might possibly destroy and render nugatory the whole relief scheme.

Mr. CLARKE of Arkansas. They pay their debts down there. They do not want the charity. They want to pay back all.

Mr. WILLIAMS. They would have to pay it back, anyhow, without the tax. This amendment provides for paying it back. The amendment provides for a loan, not a gift.

Mr. THOMAS. Mr. President, one unfortunate result of this encounter between my two distinguished friends is the fact that I feel compelled to add something to the discussion myself. I had not intended doing so, believing that the time thus occupied might better be used to shorten the session and enable us

to secure early adjournment. But inasmuch as the Senator from Arkansas [Mr. CLARKE] has expressed impatience with this side of the Chamber because of the inability of some of us to accept the amendment, either from the standpoint of the Constitution or of sound public policy, I feel impelled to state as briefly as possible some of the reasons why I am unable to support the amendment.

Mr. President, I am sure that no Senator from a Southern State would for a moment charge me with any lack of sympathy for a condition which now unfortunately involves the people of that section. I am from the South myself. I am flesh of her flesh and bone of her bone. As a boy and a resident in that section I experienced a very considerable share of the awful sufferings and destitution caused by the war between the sections, and I have a vivid recollection of the widespread ruin which confronted the South when she surrendered to the legions of the North.

I can also sympathize with that section, Mr. President, because the section where I have resided for nearly half a century has endured the same experience, has suffered very largely from similar causes, and survived them as the South will survive her present misfortune. I can therefore appreciate more keenly than many others the situation which confronts the people of the South. To state it concretely, the South being the producer of a great staple of commerce, which constitutes as well a necessity of life not only to the people of our own but of all the nations of the world, finds herself suddenly confronted with the destruction of her principal markets, with a very large supply of material upon her hands, with the certainty of a great fall in the price of that commodity and with the consequent suffering, if not destitution, which these conditions entail.

Mr. President, the representatives of that great section of the Union in this body would be untrue to themselves and to the people whom they represent if they did not in all practicable ways seek to encompass the relief of their people; and if there ever was an instance in which the power of the General Government, if it exists, should be solicited and invoked for the purpose of bringing some relief that instance now confronts us.

But I am unable, Mr. President, in the face even of an impending calamity, which I hope will not materialize, to square my convictions of public duty with an affirmative vote upon this amendment. I am unable to conjecture what condition can arise which would justify the extension of governmental aid of a financial character for the purpose of upholding and sustaining a great business interest that would not equally apply to a small business interest; for the purpose of bringing relief to a great section because of menacing disaster through collapsing markets that will not also apply to a similar calamity circumscribed in its territorial area and confined to a few instead of a large number of people. The difference is relative and not absolute.

It is a fundamental principle in Anglo-Saxon law that the power of taxation can be exercised only for public purposes, that the exercise of that power for any other than the public purposes is tyranny, and that the tyranny which may be thus exercised is the equivalent of despotism in nearly all its forms.

Almost every great event in the history of the English race, practically every milestone along the highway of English progress from a despotic to a constitutional and popular government, has found expression in terms of resistance to the unlawful exercise and application of the taxing power; and every check and restriction of any consequence which fetters and shackles the limbs of absolute authority has been in restraint of the exercise of that power and intended to confine it to the only purpose which justifies its exercise.

Mr. President, it may be that there are precedents, and from what has been said here no doubt there are precedents which seem to justify the authority of this Government to lend its credit at a crisis in the industrial affairs of some of the people for the purpose of tiding them over it, thereby sustaining prices and meeting a serious emergency assumed to be too great for individual effort or capacity to meet. I know that many things have been done by governmental authority whose legality has not been challenged, or challenged unsuccessfully. But I am unable to accept them either as concluding the question or as applicable to the pending crisis. Ours is a government of limited powers, clearly and expressly defined; and it can not be said that the power of a government can be expanded and contracted as emergencies may require; that a government of delegated authority has no power to-day and unquestioned power next year as emergencies may determine; that a government is limited strictly to the things which are delegated to it on one occasion and free to exercise other powers not delegated to it upon other occasions. Necessity is sometimes inexorable, sometimes asserted to justify what the letter of the law prohibits.

Necessity is said to be the law of tyrants, an old aphorism which perhaps admits of no exception. Necessity is always pleaded to justify any extension, any expansion of power in disregard or in contravention of constitutional limitations. If necessity justified this proposed action, I would willingly concede its existence; but, Mr. President, the times when the limitations placed upon power should be observed are the occasions when temptation and necessity unite in demanding that they be disregarded.

Any tyro can navigate a vessel upon a smooth sea, when the clouds are absent from the sky, when the surface of the ocean is calm, and when normal conditions surround the course of the ship; but in time of stress and storm, Mr. President, with the hurricane raging across the surface of the sea and the billows mounting skyward, then every brace should be in its position, every man at his duty, an experienced captain on the bridge, with a trusted pilot at the helm. Are we not, Mr. President, encompassed by a stormy sea, and through the semipanic created by the conditions inspiring this amendment are we not urged to speedily and favorably consider a measure which in the end must spell disaster?

Mr. President, a bad precedent is one of the most dangerous things in republican government. One of the great safeguards of constitutional government consists in precedents which square with power, and which, when doubt exists, resolve the doubt against its exercise.

We have made great strides toward centralization in this country. The old notion about State rights, which confined the central power to the exercise strictly of things expressly committed to its keeping, and which insisted upon the retention and exercise by the States of all others, without interference, has been greatly weakened. It is now to be abandoned by the party whose shibboleth it has always been, which, in theory at least, has been the advocate and proponent of a strict construction of the National Constitution, and to insist upon the exercise by the separate Commonwealths of all their elements of sovereignty not delegated expressly or by necessary implication.

Mr. President, let this amendment be established, and what may we expect of it as a precedent? Disguise it as we may, this measure provides for the establishment of a partnership between the Government of the United States and the cotton growers in order to sustain the price of cotton and hold a surplus from the market for that purpose. If it is not that sort of an association, then it is one in which the Government occupies the position of an indorser or guarantor; it lends its credit, your credit and mine, the credit of all the people, to sustain an industry which is suffering from serious depression.

Mr. BORAH. Mr. President—

The VICE PRESIDENT. Does the Senator from Colorado yield to the Senator from Idaho?

Mr. THOMAS. I yield.

Mr. BORAH. I want to ask a question along that line. If the Government is in the position of loaning its credit to the southern cotton raisers or to those who are interested in cotton production, is the Government, upon principle, assuming any different position than when it loans its credit to the banks of this country, as it does, unquestionably, under the Federal reserve act?

Mr. THOMAS. Mr. President, I said a few moments ago that bad precedents were dangerous things, and I am reminded by the inquiry of the Senator from Idaho of the fact that the lending of the Government's credit through the deposit of the people's money in private institutions never should have been done. I am forced to concede, inasmuch as that custom has been established, extending through a period of many years, and inasmuch as it has been frequently used in later times for the relief of the market through a distribution of moneys belonging to the Government, to the end that contraction and other bad conditions, which may lead to still worse ones, may be avoided, that it would be extremely unwise to correct it at this time. I may say, however, that inasmuch as under the new law, soon to be placed in operation, banks chartered by the Government are to become the depositories of the public money, the objection which might otherwise exist—and which, I think, does exist—to this practice will disappear with the disappearance of the evil.

Now, Mr. President, coming back to the statement which—

Mr. McCUMBER. Mr. President—

Mr. THOMAS. I yield to the Senator.

Mr. McCUMBER. Before the Senator leaves that particular point, will he kindly explain to us the difference in the position of this Government when it buys a certain amount of the cotton crop, creates a monopoly, and makes a corner upon that crop for the purpose of raising its price, and the position of a certain

number of Chicago wheat gamblers when they buy up and corner the market on wheat in order to raise the price? If we are going to punish individuals for creating a monopoly under the antitrust laws, why should we not punish Members of Congress for voting the Government into a monopoly?

Mr. THOMAS. Mr. President, the Senator from North Dakota has anticipated something to which I intended to refer later. I do not see any difference between the instances supposed, except that one is a Government monopoly and the other is a private monopoly; and if we are to have monopolies in this country, then I am certainly in favor of those which are operated by the Government and for governmental purposes rather than those which are operated by private interests for their benefit and profit.

Mr. McCUMBER. Mr. President—

Mr. THOMAS. I yield.

Mr. McCUMBER. If the Government enacts a law, as it did a very short time ago, which provides a penitentiary sentence for the person who creates a monopoly in the sale of any commodity, then why are we not equally guilty if we allow the Government itself to become a monopoly?

Mr. THOMAS. Mr. President, I quite agree that the Government should not establish a monopoly in anything unless it be necessary for the public welfare. I do not believe that the purpose of this measure—I know that is not the purpose of those who are championing it—is to create a monopoly, but to give needed relief in a great emergency. I am inclined to think, however, that—and that was what I intended to say later on—one of the consequences of this action will be to produce a monopoly, in that there will be an enormous corner of a certain product purchased by the Government in good faith to relieve a bad situation, a product not only always threatening the market but will be continued in the hands of the Government so long as those raising the same product feel that its sale will affect the market to their detriment; in other words, if this amendment is adopted and this investment be made, then it is my belief that by the time the bonds mature, by the time the amendment shall have operated as to time, that petitions upon petitions will come before the Congress of the United States asking for postponement of the sale of this enormous mass of cotton because of its consequences upon the then existing market. But, Mr. President, that is to some extent by way of anticipation.

I contend that there is not a product known to commerce or industry that will not have the right, using this amendment as a precedent, and that will not exercise that right, of coming to the Government of the United States for similar relief whenever in the opinion of those engaged in that industry or a part of them, such relief is necessary to steady the market and to prevent the falling of prices below the alleged cost of production.

We are entering upon a new era when this amendment becomes a law, and we are saying to those who produce copper and lead and silver and iron and coal, to those who can salmon and dry apples, to those who produce marine supplies, to those who delve in the earth or upon the earth everywhere between the two oceans, that whenever their business is bad or the value of their commodities is threatened the Government must issue bonds and invest their proceeds in certain portions of the surplus commodity at prices away above the market, and take chances, Mr. President, of getting its money back. It is the precedent of which I am afraid—and there is just as much reason for invoking it in the supposed cases as in the other.

Even now amendments are offered similar in character asking for the exercise of this governmental power in the same direction in behalf of copper and other commodities; and I want to say, Mr. President, that if there is any reason for aiding cotton now—and I concede that the exigency is great—there is in a more circumscribed area the same reason for coming to the relief of copper.

It is true, as stated by the Senator from Arkansas [Mr. CLARKE], that copper is in the ground always. It is not true that the owner knows how much he has, what the specific contents of the ore may be, or what his profits may be. It is true that he may not take it out of the ground, but it is equally true, as stated by the distinguished Senator from Georgia [Mr. SMITH] here yesterday, that cotton itself is indestructible except perhaps by fire or some great cataclysm, but, generally speaking, it is indestructible. The supposed difference between the two commodities does not exist.

Mr. President, I have here a letter dated the 2d day of October, written to me by Mr. K. R. Babbitt, the general counsel for three of the largest copper companies in the country. His purpose in writing was to endeavor to secure some relief, if possible, through the agency of the State Department from the

action of Great Britain which interferes with the landing of certain copper shipments at Rotterdam, which had been interfered with by the British Government. Here is what he says incidentally:

The situation generally in the copper industry is, as you must know, acute and practically every copper-producing company has curtailed its output one-half or more. Up to the present the companies I represent have endeavored to avoid a dismissal absolutely of a large number of men by putting the entire force on one-half time, but if the present situation continues it will not be very long before a very large number of men will be thrown out of employment.

It happens that practically every copper mine of any size is situated in localities where it is the sole basis for the industry of such communities.

I may remark here, parenthetically, Mr. President, that I know that to be true. There are a great many mining districts in the United States where copper is produced the production of which constitutes their sole industry; they produce nothing else; they are dependent, not partially, not principally, but entirely, upon copper production and upon the copper market. I refer to the letter again. The writer says:

This is true in Butte, Mont., in Bingham, Utah, in Ray, Ariz., in Santa Rita, N. Mex., where the Chino Copper Co. is situated. It is also true in Globe, Ariz., in Ely, Nev., and in fact everywhere, so that the question of being able to market copper assumes far-reaching proportions entirely apart from the mere decreased earnings of these companies.

With that letter as a text I can duplicate the argument of the Senator from Georgia. I can show you that this industry is intertwined with the industries of every other civilized country on the face of the globe; I can show, Mr. President, its depressed condition—that this condition is everywhere operating to the disadvantage and sometimes to the ruin of men and women in many portions of the world, and I can also demonstrate with equal truth, though not perhaps to as large an extent and as affecting so many people, that the issuance of bonds by the Government of the United States for the purchase of the surplus copper at last summer prices, followed by nonproduction next year, will be temporarily a great benefit not only to us, not only to the people in the mining camps and to the operators, but to those of the United States generally, reflecting its prosperous changed conditions upon all other industries, and also extending its benefits across the seas.

Why, then, should not the owners of copper be entitled to the same consideration that we propose to extend to the cotton growers? Why should not the producers of lumber of the Pacific coast be entitled to the same consideration? Why should not the growers of barley and of oats and of wheat all over the United States be entitled to the same relief?

Mr. President, I can remember, and I presume most of those who are present can remember also, only a few years ago, when in Kansas and in Nebraska and in some other parts of the West men were engaged in burning corn for fuel not only to decrease the supply but because it was more valuable as fuel than it was as a foodstuff. I remember when the warehouse idea was formulated by the old Populist Party, how many of my distinguished friends on this side of the Chamber derided and ridiculed and denounced that ancient demand, which called for the establishment of Government warehouses, the storage of the surplus products in the warehouses, and the issuance of warehouse receipts to circulate as currency among the people, how that was stigmatized as socialism, as idiotic, and as unthinkable, and yet it seems to me that there is nothing more startling, nothing more extreme, nothing more dangerous in that proposition than in the pending one.

I am known, Mr. President, as a man somewhat radical in my views, and I hope that the reputation which I have in that direction is well founded; but I never supposed, until the Constitution of the United States was amended, that the Government could lend its credit to private enterprise; that it could issue bonds for the purpose of raising money to aid in private enterprises or occupations, however desperate they might be or however extensive those enterprises or occupations were.

This brings me, Mr. President, to the consideration of another element of this amendment. It is designed, among other things, to levy a tax next year upon a certain amount of the surplus product of cotton, the tax being intended, of course, to limit the production next year. Mr. President, is it possible that the Congress of the United States will set the precedent of using the taxing power of the Nation in order to prohibit overproduction and to keep up prices? Is the Democratic Party going to do it? We promised the people—and I think we have endeavored to observe the pledge—to reduce the high cost of living; but how can the high cost of living be reduced by legislation which proposes to limit the production of certain necessities of life? And if we are going to do it with cotton, why should we not do it with wheat and corn and the other

necessities which people must have and ought to have as cheaply as possible?

Mr. WARREN. Mr. President, will the Senator permit me to interrupt him?

Mr. THOMAS. Certainly.

Mr. WARREN. Is not that in the nature of what we have been condemning and legislating against?

Mr. THOMAS. What is that?

Mr. WARREN. The matter of the formation of trusts to hold the prices of different commodities above what they naturally would be if the circumstances surrounding them were normal.

Mr. THOMAS. The Senator's question is somewhat analogous to that asked by the Senator from North Dakota. Of course legislation which raises prices necessarily tends to create trust conditions, if the legislation is successful; but I do not believe such legislation can be successful.

This proposal is nothing new in political history—the attempt to legislate to limit production. It is an interference with the eternal laws of supply and demand, as exemplified and developed by human experience. You can make them temporarily successful; you can make them, perhaps, locally successful; but in the long run the laws of nature will work themselves out.

The trouble is, however, that if this amendment becomes a law, we are going to be confronted with a series of applications for similar legislation applied to nearly all the productions of man, and can not consistently refuse them. I can not get away from the conclusion that if, in a case of emergency, we are to do this thing for cotton, we must in similar cases of emergency—and there will be plenty of proof with every bill that is offered that the emergency exists—do the same thing. Why not do it for copper right now? Why not do it for canned salmon right now? Why not for lumber right now? Why not for barley right now?

No, Mr. President, the principle is wrong, and we should not be deterred from voting against it because of the emergency which has evoked the application for it.

There is another feature of the subject that I want to speak of before I take my seat, and that is its protection feature. I may have a wrong conception of what governmental protection is. We generally speak of it in connection with tariff duties; but that is only one form of a protean element which, in government, can be applied indiscriminately. I think this amendment is the legitimate offspring of that protective condition with which long, long years of Republican tariffs have finally inoculated the American people. The Government of the United States has been in copartnership with private industries for so long that American enterprise has been largely diluted, and when trouble faces the average individual he necessarily asks himself why the Government should not protect him as well as the man who manufactures something that is manufactured elsewhere. As a result, the whole political and business morality of the American people has been saturated with the pernicious taint of protectionism. The liberty which is given by the police of the great cities to those nameless vices which flourish where population is abundant, the connecting link between the criminal and the man who ought to arrest and punish him, are the outgrowth of protection, and differ only in degree and not in principle from that protection which has found expression upon the statute books of the Nation for so many years. The application here to the Government to protect a great industry at present differs, to my mind, but little from the application of import duties to any established industry which has enjoyed protection and clamors for its continuance.

Mr. WARREN. Mr. President, will the Senator permit an interruption at this point?

Mr. THOMAS. Certainly.

Mr. WARREN. Does not the Senator think there is quite a difference, in this respect—that the policy of protection for American industries, as we understand it on this side of the Chamber, has operated to increase the product of American industries and to make the foreigner pay for the license to come in here and do business? Now, this measure, as it appears to me—and I say this with all the sympathy that a man can have for the situation which, it seems to me, is presented—is designed to prevent the growers of cotton from growing what they naturally would grow. In other words, the effect of one is to reduce the products of this country, and the effect of the other is to increase the products of this country.

Mr. THOMAS. It is true that the form which protection takes differs in this from other instances. As to the professed policy of the Republican Party in the matter of protection, the Senator from Wyoming has correctly stated it. Without stopping to discuss its practical effect, the thought which I have in my mind is that protection in this country is bearing, among other things,

its legitimate fruit, and at the same time practically doing away with State lines.

Mr. POINDEXTER. Mr. President—

Mr. THOMAS. If I believed I could vote for this measure, if I were in a position to do it, if I did do it, I should clothe myself in sackcloth and ashes and, repairing to the shrine of Nelson W. Aldrich, do penance for the criticisms which I have made of his policies and of his tariff bill.

Mr. POINDEXTER. Mr. President—

The VICE PRESIDENT. Does the Senator from Colorado yield to the Senator from Washington?

Mr. THOMAS. I do.

Mr. POINDEXTER. I should like to ask the Senator to develop a little further his idea of protection, as he has just defined it, in comparing the protection of American manufacturers with the protection of nameless vices in great cities where there is a corrupt police force. I should like to know how the Senator establishes that analogy.

A police force is established for the purpose of protection. It protects legitimate property interests and legitimate personal rights and legitimate occupations. It seems to me there is some analogy between that sort of protection, the protection of those lawful interests and enterprises, and the protection of American industry by means of a properly arranged customs tariff; but I fail to see how the Senator can compare it with the protection of unlawful acts and nameless crimes.

Mr. THOMAS. Mr. President, I said, I think, that one was the inevitable outgrowth of the other. As I understand protection in the political sense it means a partnership between the Government and the thing protected; and when the city government, through the agency of the officials in these great cities, permits certain favored individuals to carry on their nefarious pursuits and rigidly applies the law to all the others, those who are permitted to violate the law with impunity and share with the authorities their ill-gotten gains are protected. At least that is my impression concerning it. It may not be correct, but it is for that reason that I made the statement that one seemed to be the inevitable outgrowth or evolution of the other. I might mention a good many other instances of protection, but I have not the time and I do not think it is necessary.

Before I take my seat I want to refer to a matter that has been mentioned in private discussion, although I am not aware that anything has been said about it upon the floor. The statement has been made that there is an analogy between this measure and the Sherman law of 1890, under which the Government of the United States undertook to purchase, and did purchase, four and a half million ounces of silver per month for the purpose of "taking up the slack," as it was called. I confess that there is an analogy, perhaps the best one that the statutes of the United States affords. There a large amount of silver was accumulated by the Government, against which certificates were issued and circulated as money. That law was not demanded or supported by the bimetalists of the West. True, they were forced to accept it as a finality, but under protest, because they knew, as we all know, that it was the direct antithesis of free coinage, and necessarily would bring the latter, through a confusion of ideas, into disgrace; and it had precisely that effect.

The law was wrong, and I believe if a test of it had ever been made it would have been found to be without the Constitution. That law, however, can not be laid to the door of the bimetalists of the West, nor the Bland bill, for that matter. I beg to assure Senators that I am not going to discuss the silver question at this time. The Bland bill was amended in this Chamber and converted into a purchase act from a free-coinage act, as it was designed. Some say that it was a very beneficial change under the circumstances. I am not going to argue that question. The principle is wrong. It did not emanate from the owners of silver mines or from the silver-producing States. It was a result of a compromise forced upon the West by the enemies of the entire project, or those who sincerely believed that the project of free coinage was fraught with danger to the country. So that while that precedent exists it was not a precedent of our making, and I therefore perceive no inconsistency whatever between the position which I occupy, as a believer in the doctrine of bimetalism, and the acts of Congress for which bimetalists were not responsible. If there is such an inconsistency, it is not more glaring than that which confronts the advocates of the amendment.

I did not intend when I took the floor to speak as long as I have spoken upon this measure. I merely desired, in view of what was stated by the Senator from Arkansas [Mr. CLARKE] during the discussion of the Senator from Mississippi [Mr. WILLIAMS], to lay before the Senate some reasons why I,

among others, had incurred the impatience of my very dear friend the Senator from Arkansas.

I shall conclude what I have to say by reading into the RECORD an editorial from the New York World of yesterday:

DOCTORING COTTON.

Because the prostration of the cotton industry at the South threatens to assume the proportions of a calamity, why, in an attempt to relieve the situation, go open eyed into disaster?

The remedy proposed by southern Senators is worse than the disease which they hope to cure. To issue \$250,000,000 of 4 per cent bonds for the purchase of 5,000,000 bales, or one-third of the crop, at 10 cents a pound or less, Government to hold the cotton three years if necessary, would be the biggest legislative speculation ever undertaken.

It is easy to believe the report that even the authors of this proposition have no hope of its acceptance, and that the motive behind it is political rather than financial.

I perhaps should say that I do not indorse some of the reflections of this editorial. The sentiment, however, which has direct reference to the amendment, is well expressed, and I think unanswerable.

Nothing ever proposed by Populists, Greenbackers, or Grangers in the wildest days of inflation and paternalism can compare with this enterprise either in magnitude or in folly. As a measure to be adopted for one time only, it is a colossal charity or a gigantic gamble. As a policy to be followed in other directions, it is State socialism on a scale never before contemplated.

The St. Louis plan, which has received the indorsement of the Federal Reserve Board, is sound commercially and otherwise, because it calls into action in a proper, although an extraordinary, way the banking power of the country. It does not buy cotton at a price higher than its value in the markets. It does not foolishly by act of Congress attempt to fix the price of cotton. It simply meets an unusual situation by concentrating and extending bank credit.

If the theory underlying the new banking and currency system is based upon a true principle, why should Democrats, even cotton States Democrats, discredit it at the start?

This editorial reminds of the private plan for the relief of the cotton growers which, I think, originated with Mr. Festus J. Wade, of the Mercantile Trust Co., of St. Louis, one of the ablest and most experienced bankers of this or any other country, because it seems to me to be very largely a solution of the immediate crisis. That plan proposes to purchase and store \$150,000,000 worth of cotton at what is practically, as I understand, the market price. It has not only received the approval of business men, both North and South, but it is rapidly assuming the proportions of a successful engagement. It is, of course, entirely legitimate, and in all probability will be the precursor of similar, although perhaps smaller, syndicates that will serve to turn the tide of disaster that is now threatening to overwhelm the Southern States.

In conclusion, I want to say to my southern friends—

Mr. CLAPP. Mr. President, if the Senator will pardon me, I have just entered the Chamber. He may have covered the point I have in mind, and if he has he need not repeat it; but if not, I should like to ask him what this plan contemplates as to raising the funds with which to make this purchase. If the Senator has covered that point, he need not repeat it just for my benefit.

Mr. THOMAS. I may not be able to state the plan with exactness. My understanding of it is a general one. It contemplates the formation of a fund, to be raised by subscriptions, of \$150,000,000 in gold, to be used through the agency of the Federal Reserve Board, for the purpose of purchasing cotton and holding it until a better market and a better opportunity offers to dispose of it.

Mr. THORNTON. Lending upon it.

Mr. THOMAS. The Senator from Louisiana corrects me. It is for the purpose of lending upon the cotton at a certain price, the cotton then to be stored and held, and eventually disposed of.

Mr. SMITH of Georgia. It contemplates holding or loaning.

Mr. THOMAS. The Senator will perceive that as to the details of it I am not so well informed as I ought to have been. I should not have referred to it but for the fact that it is mentioned in this editorial.

Mr. CLAPP. It is interesting. Anything that will present a remedy here, without the Government going to the extent of the proposed amendment, is certainly interesting. What I was getting at was whether this plan had gone so far in discussion among those who are able to carry it out that there is a probability of securing this sum by subscription.

Mr. THOMAS. My understanding is that the greater part of it has been raised up to this time.

Mr. SHEPPARD. I should like to say to the Senator that \$50,000,000 of it was subscribed on the condition that the Federal Reserve Board would assume the management.

Mr. THOMAS. I made the statement that that condition would be placed upon it.

Mr. SHEPPARD. The papers tell us this afternoon that the Federal Reserve Board decline to assume the management, and therefore the scheme will not develop.

Mr. THOMAS. I think the scheme will develop. Even if the Federal Reserve Board has refused to operate the trust—and of course I accept the statement of the Senator from Texas as correct—I know the man who is behind it. The Senator from Missouri [Mr. STONE] knows him. He is not a man who goes in an enterprise of that kind lightly, and I am just as confident that he will bring it to a successful termination as that I am speaking on this floor.

Mr. STONE. I do know Mr. Wade very well. As the Senator from Colorado says, he is one of the clearest-headed and ablest bankers in the country and in a business way one of the most progressive men I know. I have talked with him about this plan, and to-morrow, if I get an opportunity, I may have something to say about it; but I will not enter upon it at this late hour.

Mr. THOMAS. Mr. President, I merely wish to say in conclusion to my southern friends, Senators upon this floor for whom I have the highest regard both individually and collectively, and for whose people I have profound sympathy, that, in my judgment, the clouds which lower on their horizon are not as dark as they seem.

I say this, Mr. President, because we have been through the same valley and shadow. When England closed the Indian mints in 1893 and silver dropped within a week from 90 cents to less than 70 cents per ounce, when the mines were closing throughout the West, when smelters were compelled to suspend or limit their output, and miners were compelled to seek work in foreign countries, many of them going to South Africa, others to South America and Australia, when ruin stared us directly in the face and confronted us in every direction, when every pursuit in that great section which is the metallic storehouse of the Nation was blasted and paralyzed by the blow that was struck its every interest, when men tried in vain to sell their belongings for enough to pay their debts and enable them to turn their backs upon that favored land, when eyes were turned to Washington in the hope that some substitute for the repeal of the Sherman law might be found to parry the second blow so soon to fall, when hope seemed to have departed forever and the raven croaked despair from the pedestal of every household, the end looked very near and very dark.

But, Mr. President, the indomitable and unconquerable energy of the American people always finds expression in the supreme crises of national and community life, and this instance demonstrated the truth of the assertion. After the stunning effects of the blow had passed away men began to gather their wits about them and look into the future and realize the tremendous responsibility shouldered upon them, not only on their own account but on account of their wives and their children and their Commonwealths. They took new heart because they had to, and they turned their attention in other directions, began the development of other pursuits, accepted existing conditions as unavoidable, and adapted themselves slowly and painfully, but successfully, to the repair of their fortunes and the requirements of the times. In six years—

Mr. SHEPPARD. Mr. President—

Mr. THOMAS. I will yield in just a moment.

In six years, Mr. President, the ruinous effect of these terrible conditions had largely disappeared. In a dozen years they had been overcome. We discovered that ruin, although apparently upon us because of the destruction of a great industry, only served to bring out the best that was in our people by the exercise of their energy and their talent and their resources in untried directions. The Mountain States became prosperous. Her people still believe in the gold and silver money of the Constitution. Both will come in the course of years, and then the whole Nation will rejoice exceedingly.

I now yield to the Senator from Texas.

Mr. SHEPPARD. I wish to state that I have been advised that the press report to which I referred is incorrect, and that the Secretary of the Treasury stated to-day that the Federal Reserve Board has not declined to assume the management of this pool if it should be formed.

Mr. THOMAS. Mr. President, I am very glad that is the case, but I reiterate the statement that if there is anything that could operate to prevent the administration of that fund by the Federal Reserve Board I feel sure that the men at the head of it will make a success of it.

Mr. VARDAMAN. Mr. President—

Mr. THOMAS. I yield to the Senator from Mississippi.

Mr. VARDAMAN. I wish to ask the Senator if he does not think that the conditions brought about in his State on account of the action of the Government in striking down silver was a great mistake, and that it would have been very much better for the country if the Government had given notice of its proposed action in order that the people might be prepared for the

change that came? Would it not have mitigated the damages that were sustained by the people if the Government had done that?

Mr. THOMAS. Oh, there is no doubt about the fact that if silver had not been demonetized the evil conditions to which I referred would never have come about, and that which now burdens the South would not be so severe.

Mr. VARDAMAN. Would they not have been greatly mitigated if the people had had notice that it would be done at some time in the future, so that they might have adjusted their interest?

Mr. THOMAS. That is true. The blow fell just as this did. There came without a moment's notice the closing of the Indian mints, the last refuge of free coinage in the world.

Mr. VARDAMAN. The Senator realizes that that act was not done in the interest of the great toiling masses of the world, but that it was done in the interest of a few people who profited by it.

I agree with the Senator that if the conditions which exist in the South to-day were the result of any economical mistake or mistakes committed by the people in the management of their own affairs it would not be the proper thing for the Government to render assistance, but it came to us as a storm from a cloudless sky, and they are simply asking that they may be able to bridge this chasm, that they may be able to live until normal conditions return. It is not asking the Government to give them anything, but simply to lend its great function and its great power until they may adjust themselves to the new conditions.

Mr. THOMAS. Mr. President, I fully recognize the truth of all that the Senator has stated, not only as to the extent of the calamity which has befallen the South but also as to the suddenness with which it descended. If the Government had the authority, if it comported with the purposes for which the Government was created, if in the exercise of our power under the enumerated powers we had the right to give the relief that is here demanded, I should still hesitate to do it, as I have hitherto said, because of the certainty that the precedent thereby established would be utilized for the demanding of relief as to every industry that is pursued or that may arise in the United States.

THE ROCKEFELLER FOUNDATION (S. DOC. NO. 602).

The VICE PRESIDENT laid before the Senate a communication from the Secretary of the Interior, stating, in response to a resolution of August 5, 1914, that there are no employees in the Department of the Interior or its various branches and offices whose salaries are in whole or in part paid from funds contributed by the Rockefeller Foundation or the Carnegie Foundation, which was ordered to lie on the table and to be printed.

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by J. C. South, its Chief Clerk, announced that the House had passed the joint resolution (S. J. Res. 188) ceding to the State of California temporary jurisdiction over certain lands in the Presidio of San Francisco and Fort Mason (Cal.) Military Reservations.

The message also announced that the House agrees to the amendment of the Senate to the joint resolution (H. J. Res. 241) for the appointment of five members of the Board of Managers of the National Home for Disabled Volunteer Soldiers.

ENROLLED BILLS AND JOINT RESOLUTIONS SIGNED.

The message also announced that the Speaker of the House had signed the following enrolled bills and joint resolutions, and they were thereupon signed by the Vice President:

H. R. 12665. An act to increase the limit of cost of public building at La Junta, Colo.;

H. R. 14233. An act to provide for the leasing of coal lands in the Territory of Alaska, and for other purposes;

H. J. Res. 241. Joint resolution for the appointment of five members of the Board of Managers of the National Home for Disabled Volunteer Soldiers; and

H. J. Res. 362. Joint resolution to correct an error in the enrollment of certain Indians enumerated in Senate Document No. 478, Sixty-third Congress, second session, enacted into law in the Indian appropriation act approved August 1, 1914.

PETITIONS AND MEMORIALS.

Mr. VARDAMAN presented a petition of the Woman's Christian Temperance Union of Pelahatchie, Miss., praying for national prohibition, which was referred to the Committee on the Judiciary.

Mr. PERKINS presented the memorial of Hon. M. H. De Young, chairman of western division of the Associated

Press, of San Francisco, Cal., remonstrating against the proposed tax on newspapers, which was ordered to lie on the table.

He also presented a memorial of the Woman's Christian Temperance Union of San Jose, Cal., remonstrating against the proposed tax on wines, which was ordered to lie on the table.

He also presented the memorials of B. C. Ansley, of Los Angeles, and Clarence M. Smith, of San Francisco, in the State of California, remonstrating against the proposed tax on insurance companies, which were ordered to lie on the table.

He also presented a memorial of sundry druggists of Long Beach, Cal., remonstrating against the proposed tax on drugs and proprietary medicines, which was ordered to lie on the table.

He also presented memorials of the National City State Bank, of National City, and of the Citizens' Commercial Bank, of Fallbrook, in the State of California, remonstrating against the proposed tax on capital and surplus of banks, which was ordered to lie on the table.

He also presented a memorial of the Locomobile Co., of Oakland, Cal., remonstrating against the proposed tax on automobiles, which was ordered to lie on the table.

He also presented petitions of Typographical Union No. 35, the German Ladies' Relief Society, and the Merchants' Exchange, of Oakland, Cal., praying for the enactment of legislation to provide pensions for civil-service employees, which were referred to the Committee on Civil Service and Retrenchment.

Mr. POINDEXTER presented memorials of D. B. Garrison, of Connell; C. L. Stenger, of Olympia; Metropolitan Theater, of Bellingham; Arthur Thayer, of Camas; the Spokesman Review, Spokane; Spokane Drug Co., of Spokane; U. E. McDermott, of Tolt; Offerman Drug Co., of Bellingham; Henry Engberg, of Bellingham; Collins & Co., of Bellingham; Sun Drug Co., of Bellingham; Mrs. M. F. Woodruff, of Bellingham; E. T. Fremming, of Bellingham; Graham Drug Co., of Bellingham; J. C. Natrass, of Bellingham; George F. Finnegan, of Bellingham; Weiser Drug Co., of Bellingham; Rogers Bros., of Bellingham; Walla Walla Druggists' Association, of Walla Walla; A. R. Bechaud, of Chehalis; Prigmore Pheasant Pharmacy, of Chehalis; P. W. Marr, of Chehalis; E. E. Ellsworth, of Chehalis; and E. A. Rupert, of Aberdeen, all in the State of Washington, remonstrating against certain provisions contained in the war-revenue bill, which were ordered to lie on the table.

Mr. MARTINE of New Jersey. I present resolutions unanimously adopted at a meeting of the Brightwood Citizens' Association of the District of Columbia, held October 9, 1914, favoring the passage of the bill providing that the salary of the auditor for the Supreme Court of the District of Columbia shall be \$5,000. I move that the resolutions be referred to the Committee on the Judiciary.

The motion was agreed to.

Mr. JOHNSON presented a petition of sundry citizens of St. Albans, Me., praying for national prohibition, which was referred to the Committee on the Judiciary.

He also presented a petition of the Board of Trade of Portland, Me., praying for the enactment of legislation to provide a permanent Federal board or commission to act in an advisory capacity in connection with all proposed legislation affecting marine matters and the shipping trade, which was referred to the Committee on Commerce.

Mr. PAGE (for Mr. DILLINGHAM) presented memorials of sundry citizens of Newport, St. Johnsbury, Essex Junction, Hanover, Windsor, and Lyndonville, all in the State of Vermont, remonstrating against the proposed tax on drugs and proprietary medicines, which were ordered to lie on the table.

AMERICAN ACADEMY OF ARTS AND LETTERS.

Mr. CULBERSON, from the Committee on the Judiciary, to which was referred the bill (S. 583) incorporating the American Academy of Arts and Letters, reported it without amendment.

HEIRS OF BENJAMIN S. ROBERTS.

Mr. JOHNSON. I am directed by the Committee on Claims to report a resolution referring a claim to the Court of Claims, and I ask unanimous consent for its present consideration.

There being no objection, the resolution (S. Res. 474) was read, considered by unanimous consent, and agreed to, as follows:

Resolved, That the bill (S. 6506) entitled "A bill for the relief of the heirs of Benjamin S. Roberts," now pending in the Senate, together with all the accompanying papers, be, and the same is hereby, referred to the Court of Claims, in pursuance of the provisions of an act entitled "An act to codify, revise, and amend the laws relating to the judiciary," approved March 3, 1911; and the said court shall proceed with the same in accordance with the provisions of such act and report to the Senate in accordance therewith.

HEARING BEFORE COMMITTEE ON AGRICULTURE AND FORESTRY.

Mr. SHAFROTH. I ask unanimous consent for the present consideration of Senate resolution 470, which I report favorably from the Committee to Audit and Control the Contingent Expenses of the Senate.

It seems that the Committee on Agriculture and Forestry held certain hearings which they were not authorized to do and that the bill of the stenographer for about \$17 has been approved, but he can not draw his money. I therefore ask that the resolution which I report and which authorizes the payment may be considered and passed.

The PRESIDING OFFICER. The Senator from Colorado asks unanimous consent for the present consideration of Senate resolution 470, which the Secretary will read.

The resolution, which was considered by unanimous consent and agreed to, is as follows:

Resolved, That the Committee to Audit and Control the Contingent Expenses of the Senate be authorized to approve a voucher for reporting a hearing before a subcommittee of the Committee on Agriculture and Forestry held on April 17, 1914.

BILLS AND JOINT RESOLUTION INTRODUCED.

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. SMITH of Michigan:

A bill (S. 6642) granting a pension to Anna Mary McOmber; to the Committee on Pensions.

By Mr. VARDAMAN (for Mr. REED):

A bill (S. 6643) to amend an act entitled "An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes," approved October 15, 1914; and

A bill (S. 6644) to amend an act entitled "An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes," approved October 15, 1914; to the Committee on the Judiciary.

By Mr. JOHNSON (for Mr. BURLEIGH):

A bill (S. 6645) granting an increase of pension to Charles H. Morrison; and

A bill (S. 6646) granting a pension to Ella Farnum; to the Committee on Pensions.

By Mr. LEA of Tennessee:

A bill (S. 6647) granting an increase of pension to Margaret A. Bennett; to the Committee on Pensions.

A bill (S. 6648) providing for the establishment of a term of the district court for the middle district of Tennessee, at Winchester, Tenn.; to the Committee on the Judiciary.

A bill (S. 6649) providing for the erection of all monuments, statues, and fountains under the United States in the District of Columbia by the Chief of Engineers, United States Army; to the Committee on the Library.

By Mr. STERLING:

A bill (S. 6650) to amend section 1 of an act approved March 3, 1909 (35 Stat. L., p. 751), entitled "An act for the removal of restrictions on alienation of lands of allottees of the Quapaw Agency, Okla., and the sale of all tribal lands, school, agency, or other lands on any of the reservations within the jurisdiction of such agency, and for other purposes"; to the Committee on Indian Affairs.

By Mr. GORE:

A joint resolution (S. J. Res. 197) creating an international board of trade; to the Committee on Agriculture and Forestry.

EMERGENCY REVENUE LEGISLATION.

Mr. LEA of Tennessee submitted an amendment intended to be proposed by him to the bill (H. R. 18891) to increase the internal revenue, and for other purposes, which was ordered to lie on the table and be printed.

ANNIE L. CARTER.

Mr. SMITH of Georgia submitted the following resolution (S. Res. 477), which was read and referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Secretary of the Senate be, and he hereby is, authorized and directed to pay out of the contingent expenses of the Senate to Annie L. Carter, widow of Josiah Carter, late clerk to the Committee on Education and Labor, a sum equal to six months' salary at the rate he was receiving by law at the time of his death, said sum to be considered as including funeral expenses and all other allowances.

PAY OF DENTAL SURGEONS.

Mr. TOWNSEND. I submit a resolution, and ask that it be read and lie over under the rule.

The resolution (S. Res. 475) was read, as follows:

Resolved, That the Comptroller of the Treasury be requested to construe the following statutes, to wit: 37 Statutes, 244; 37 Statutes, 903; and 35 Statutes, 66, with reference to the pay and the authorized manner of making the appointments in the case of each of the several classes

of officers who may base claims for pay from Government funds on the said statutes.

The VICE PRESIDENT. The resolution will lie over and be printed.

DENTAL CORPS OF THE NAVY.

Mr. TOWNSEND. I submit a resolution, and ask that it be read and lie over under the rule.

The resolution (S. Res. 476) was read, as follows:

Resolved, That the Secretary of the Navy be requested to supply the Senate with the following information:

First. As to the number, pay, and date of his appointments of dental surgeons who were authorized by the act of August 22, 1912, to be appointed to the grade of "acting dental surgeon" for "temporary service" and whose appointment "shall have no force or effect except for the time the temporary appointee is in active service."

Second. As to the number, pay, and date of his appointments of dental surgeons who were authorized by the act of August 22, 1912, to be appointed to the grade of "acting assistant dental surgeon" and who are serving a probational period with a view to their permanent appointment.

Third. As to the number and date of appointment of dental surgeons whose nominations have been submitted to the Senate under the provision of the act of March 4, 1913, which provides that "no dental surgeon shall render service other than temporary service until his appointment shall have been confirmed by the Senate"; also the number of dental surgeons, if any, who have been ordered to render service since March 4, 1913, without their appointments having been confirmed by the Senate.

Fourth. As to the number and date of orders of members of the Dental Reserve Corps who are now on active duty under that clause of the act of March 4, 1913, which provides that "so many of said appointees may be ordered to active duty as the Secretary of the Navy may deem necessary to the health and efficiency of the personnel of the Navy and Marine Corps."

Fifth. As to the number and date of orders of members of the Dental Reserve Corps who are on active duty, or subject to orders to active duty, and under instruction with a view to their appointment as officers of permanent tenure in the carrying out of that proviso of the act of March 4, 1913, which provides "that dental corps officers of permanent tenure shall be appointed from the Dental Reserve Corps membership in accordance with the said provisions of the said act."

The VICE PRESIDENT. The resolution will lie over under the rule and be printed.

COMMISSION OF FINE ARTS.

The VICE PRESIDENT laid before the Senate the following message from the President of the United States, which was read and, with the accompanying papers and illustrations, referred to the Committee on Printing:

To the Senate and House of Representatives:

I transmit herewith, for the information of the Congress, the report of the Commission of Fine Arts for the fiscal year ended June 30, 1914, with accompanying illustrations.

WOODROW WILSON.

THE WHITE HOUSE, October 16, 1914.

EXECUTIVE SESSION.

Mr. STONE. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After 33 minutes spent in executive session the doors were reopened.

RECESS.

Mr. KERN. I move that the Senate take a recess until to-morrow at 11 o'clock forenoon.

The motion was agreed to; and (at 5 o'clock and 45 minutes p. m., Friday, October 16, 1914) the Senate took a recess until to-morrow, Saturday, October 17, 1914, at 11 o'clock a. m.

NOMINATIONS.

Executive nominations received by the Senate October 16 (legislative day of October 8), 1914.

COMMISSIONER OF IMMIGRATION.

John P. Mayo, of Mississippi, to be commissioner of immigration at the port of New Orleans, La.

EXAMINER OF DRUGS, MEDICINES, AND CHEMICALS.

Marshall M. Bradburn, of New Orleans, La., to be special examiner of drugs, medicines, and chemicals in customs collection district No. 20, in place of George W. McDuff, superseded.

PROMOTIONS IN THE NAVY.

Lieut. Col. Eli K. Cole to be a colonel in the Marine Corps from the 27th day of September, 1914.

The following-named ensigns to be lieutenants (junior grade) in the Navy from the 5th day of June, 1914:

Max B. De Mott,
Chauncey A. Lucas,
Frank Slingluff, jr., and
Edward C. Raguet.

Medical Inspector Manley F. Gates to be a medical director in the Navy from the 20th day of July, 1914.

CONFIRMATIONS.

Executive nominations confirmed by the Senate October 16 (legislative day of October 8), 1914.

UNITED STATES DISTRICT JUDGE.

Benjamin F. Bledsoe to be United States district judge, southern district of California.

COLLECTOR OF INTERNAL REVENUE.

Burt Williams to be collector of internal revenue for the second district of Wisconsin.

MEMBER OF THE EXECUTIVE COUNCIL OF PORTO RICO.

Antonio R. Barceló, of Porto Rico.

CONSUL.

James C. Monaghan to be consul at Kingston, Jamaica.

POSTMASTERS.

ALABAMA.

James W. Horn, Brantley.

CALIFORNIA.

W. B. Hagans, Ukiah.
W. D. Wood, Paso Robles.
Benjamin F. Hudspeth, Chico.
F. N. Paxton, Oroville.
Robert W. Walker, Vallejo.

HAWAII.

Caesar R. Jardin, Kohala.

IOWA.

William P. Coutts, Kellogg.
Eugene F. Kieffer, Remsen.
Samuel B. Wesp, Fredericksburg.

MASSACHUSETTS.

Nicholas J. Lawler, Greenfield.
Susan F. Twiss, Three Rivers.

NEW HAMPSHIRE.

Charles L. Bemis, Marlboro.

NEW MEXICO.

Bliss Freeman, Las Cruces.
L. R. Hughes, Alamogordo.

OHIO.

Robert E. Sickinger, Milan.
Wesley H. Zaugg, Wooster.

OKLAHOMA.

Luke Roberts, Hollis.

PENNSYLVANIA.

H. F. Sowers, Yatesboro.

TENNESSEE.

W. C. Abernathy, Tracy City.

VIRGINIA.

George J. Russell, Marshall.

HOUSE OF REPRESENTATIVES.

FRIDAY, October 16, 1914.

The House met at 12 o'clock noon.

The Chaplain, Rev. Henry N. Couden, D. D., offered the following prayer:

Take us, O God our Father, into Thy nearer presence and teach us Thy ways, that we may think with Thee and act with Thee in the furtherance of clean living and good government. Justice and judgment are the habitation of Thy throne; mercy and truth shall go before Thy face. Blessed is the people that know the joyful sound; they shall walk, O Lord, in the light of Thy countenance. In Thy name shall they rejoice all the day, and in Thy righteousness shall they be exalted. So may we be a God-fearing people, a God-loving people, and go on our way rejoicing in the God of our salvation. Amen.

The Journal of the proceedings of yesterday was read.

Mr. JOHNSON of Kentucky. Mr. Speaker, I move that the Journal be approved.

The motion was agreed to.

MESSAGE FROM THE SENATE.

A message from the Senate, by Mr. Crockett, one of its clerks, announced that the Senate had passed without amendment joint resolution of the following title:

H. J. Res. 362. Joint resolution to correct an error in the enrollment of certain Indians enumerated in Senate Document No. 478, Sixty-third Congress, second session, enacted into law in the Indian appropriation act approved August 1, 1914.

The message also announced that the Senate had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 4405) for the relief of Frederick J. Ernst.

The message also announced that the Senate had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 1055) for the relief of T. S. Williams.

The message also announced that the Senate had passed joint resolution and bill of the following titles, in which the concurrence of the House of Representatives was requested:

S. J. Res. 196. Joint resolution to authorize the Secretary of War to grant permission to the Southern Commercial Congress to place a tablet at Gamboa, Canal Zone, as a memorial to the late Senator John T. Morgan; and

S. 5614. An act for the improvement of the foreign service.

LANDS IN THE PRESIDIO OF SAN FRANCISCO AND FORT MASON MILITARY RESERVATIONS.

Mr. KAHN. Mr. Speaker, I call up from the Speaker's table Senate joint resolution 188, a similar resolution being on the House Calendar, reported from the Committee on Military Affairs, and ask that the same be reported.

The SPEAKER. The Clerk will report the resolution.

The Clerk read as follows:

Joint resolution ceding to the State of California temporary jurisdiction over certain lands in the Presidio of San Francisco and Fort Mason (Cal.) Military Reservations.

Whereas the Secretary of War was authorized by H. J. Res. 8 of February 16, 1912 to grant to the Panama-Pacific International Exposition Co. permission to occupy and utilize such portions of the Presidio of San Francisco and Fort Mason Military Reservations for exposition purposes as he might designate; and

Whereas the Secretary of War, under the authority in him vested by the said joint resolution, did, by an instrument dated April 22, 1912, grant permission to the said company to occupy and utilize for the said purposes certain portions of the said military reservations, and did, by an instrument dated April 10, 1914, grant a like permission to the said company as to certain other portions of the said Presidio Military Reservation; and

Whereas the United States now has exclusive jurisdiction over the said military reservations; and

Whereas it is desirable that the power to preserve order in all of the said portions of said reservations during their occupancy by the said Panama-Pacific International Exposition Co. be vested in the authorities of the State of California: Therefore be it

Resolved, etc., That the United States hereby cedes to the State of California such jurisdiction over the said portions of the said military reservations as the said State now possesses elsewhere within its territory, such cession to be coextensive territorially with the said permits of April 22, 1912, and April 10, 1914, and to terminate upon their expiration: *Provided*, That jurisdiction to try and punish all crimes committed within said portions of said military reservations prior to the date that this cession becomes effective is reserved to the United States: *Provided further*, That the cession of jurisdiction made by this resolution shall not take effect until the same is accepted by the Legislature of the State of California: *And provided further*, That when the United States shall resume possession of the said lands or any part thereof the jurisdiction herein ceded over lands so repossessed shall revert in the United States.

The SPEAKER. The question is on the third reading of the joint resolution.

The joint resolution was ordered to be read a third time, was read the third time, and passed.

On motion of Mr. KAHN, a motion to reconsider the vote by which the joint resolution was passed was laid on the table.

STANDARD BOX FOR APPLES.

Mr. ASHBROOK. Mr. Speaker, I call up from the Speaker's table Senate bill 4517, to establish a standard box for apples, and for other purposes, and ask that the same be reported.

The SPEAKER. The Clerk will report the bill.

The Clerk read as follows:

Be it enacted, etc., That the standard box for apples hereinafter provided for shall be of the following dimensions when measured without distention of its parts:

Depth of end, 10½ inches; width of end, 11½ inches; length of box, 18 inches; all inside measurements, and representing, as nearly as possible, 2,173½ cubic inches: *Provided*, That nothing herein contained shall prevent the packing, shipment, or offering for sale of apples grown in the State of Colorado in boxes or containers whose dimensions do not comply with those herein above prescribed.

Sec. 2. That any box in which apples shall be packed and offered for sale in interstate or foreign commerce which does contain less than the required number of cubical inches, as prescribed in section 1 of this act, shall be plainly marked on one side and one end with the words "Short box," or with words or figures showing the fractional relation which the actual capacity of the box bears to the capacity of the box prescribed in section 1 of this act. The marking required by this paragraph shall be in block letters of the size not less than 72-point block gothic.

Sec. 3. That standard boxes marked "Standard" as hereinafter provided when packed, shipped, or delivered for shipment in interstate or foreign commerce, or which shall be sold or offered for sale within the District of Columbia or the Territories of the United States of America, shall bear upon one or both ends in plain figures the number of apples contained in the box; also in plain letters the style of pack used, the name of the person, firm, company, or organization which first packed

or caused the same to be packed; the name of the locality where said apples were grown; and the name of the variety of the apples contained in the box, unless the variety is not known to the packer, in which event the box shall be marked "Unknown." A variation of three apples from the number designated as being in the box shall be allowed.

Sec. 4. That the apples contained within the said standard box when so packed and offered for sale, shipment, or delivery in interstate or foreign commerce shall be well-grown specimens, of one variety, reasonably uniform in size, properly matured, practically free from dirt, insect pests, diseases, bruises, and other defects, except such as are necessarily caused in the operation of packing.

Sec. 5. That standard boxes packed in accordance with the provisions of this act may be marked "Standard."

Sec. 6. That boxes containing apples marked "Standard" shall be deemed to be misbranded within the meaning of this act—

When the size of the box does not conform to the requirements of section 1 of this act, and when the markings on the box and the contents thereof do not conform to the requirements of sections 3 and 4 of this act: *Provided, however*, That all shipments in boxes to foreign countries in which a standard box may have been established may be marked "For export, quality of contents equal to American standard."

Sec. 7. That any person, firm, company, or organization who shall mark or cause to be marked boxes packed with apples intended for interstate or foreign commerce, or sell, or offer for sale, shipment, or delivery, in interstate or foreign commerce, apples in boxes contrary to the provisions of this act or in violation hereof, or shall sell or offer for sale or delivery in interstate or foreign commerce in a standard box apples other than those originally packed therein without first completely obliterating the original markings and labels on such box and mark the box to conform to the provisions of this act shall be liable to a penalty of \$1 for each box so marked, sold, or offered for sale or delivery, and costs, to be recovered at the suit of the United States in any court having jurisdiction: *Provided*, That the penalty to be recovered on any one shipment shall not exceed the sum of \$100, exclusive of costs.

Sec. 8. That this act shall be in force and effect from and after the 1st day of July, 1915.

Mr. SCOTT. Mr. Speaker, I make the point of order that there has been no recommendation or request from the Committee on Coinage, Weights, and Measures since this bill has been upon the Speaker's table.

The SPEAKER. If that is true, that ends it.

Mr. ASHBROOK. Mr. Speaker, this bill was called up and asked to be taken from the Speaker's table some time in the latter part of August. Objection was made at that time that the bill had not been considered by the committee, and the matter went over. The committee was then called together, and on September 1 a quorum of the committee was present and considered the Senate bill, and I was instructed, as acting chairman, to call it up. I understand, however, that since that time the bill went back to the Senate for further consideration on the part of the Senate and has since been returned to the House. If that invalidates the action of the committee, of course it will have to go back to the committee again.

The SPEAKER. How many members of the committee were present at that meeting?

Mr. ASHBROOK. A quorum.

The SPEAKER. This is a Senate bill. Is there a similar House bill on the calendar?

Mr. ASHBROOK. There is a similar House bill on the calendar.

The SPEAKER. Did the committee ever give any authorization to the chairman to call up this bill?

Mr. ASHBROOK. It did; and the gentleman from Iowa [Mr. Scott] was present when I was authorized to call it up.

Mr. SCOTT. Mr. Speaker, that was before the bill went back to the Senate.

The SPEAKER. What did the Senate do to the bill after it got it back?

Mr. ASHBROOK. Nothing.

Mr. SCOTT. I am not advised as to that.

Mr. RAKER. Mr. Speaker, may I answer that question?

The SPEAKER. Certainly.

Mr. RAKER. When the bill was returned to the Senate, under the rules it laid the required number of days on the Vice President's desk. Then an effort was made to reconsider, and that motion was voted down, and the bill was returned to the House in the same form in which it was originally, without any change or reconsideration whatever.

The SPEAKER. Did the bill pass both Houses?

Mr. RAKER. A similar bill, H. R. 11178, coming from the Committee on Coinage, Weights, and Measures, was reported favorably to the House.

Mr. ASHBROOK. It has not been passed by the House.

Mr. RAKER. It is on the House Calendar. A similar bill was passed by the Senate and was on the Speaker's table. While that bill was on the Speaker's table the Senate asked to have the bill returned to the Senate. It was returned to the Senate, and no consideration was had so far as the bill is concerned. A motion was made to reconsider, and that motion was lost, and the bill was then returned to the House. That bill is now on the Speaker's table.

The SPEAKER. What the Chair wants to find out is this: Is this the same bill that the Committee on Coinage, Weights, and Measures authorized the chairman to call up?

Mr. RAKER. It is, without one word of change.

The SPEAKER. Then the point of order made by the gentleman from Iowa is overruled.

Mr. TAYLOR of Colorado rose.

The SPEAKER. For what purpose does the gentleman from Colorado rise?

Mr. TAYLOR of Colorado. To make a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. TAYLOR of Colorado. Mr. Speaker, the gentleman from California [Mr. RAKER] states that this is the same bill as the bill that is on the calendar. That statement is not exactly correct. The bills were originally the same, but the Senate has made some five amendments that are not in House bill 11178, now on our calendar.

The Senate bill 4517, which is now on the Speaker's desk, so far as the State of Colorado is concerned, is not the same bill at all. The Senate bill contains the following proviso, which is not in the House bill, namely:

Provided, That nothing herein contained shall prevent the packing, shipment, or offering for sale of apples grown in the State of Colorado in boxes or containers whose dimensions do not comply with those herein above described.

Mr. RAKER. Will my colleague yield?

Mr. TAYLOR of Colorado. In a moment. Now, my inquiry of the Speaker is whether or not that Senate amendment exempting the State of Colorado from the operation or requirements of this act is of sufficient difference to make it dissimilar under our rules? It seems to me that that one amendment is sufficient to prevent the consideration of this Senate bill in this way without reference to the other four amendments put into the bill by the Senate.

The SPEAKER. The rule is, if they are substantially the same. Now, if these other four amendments which the Senate put in are a radical departure or a substantial departure from the House bill, the rule does not apply.

Mr. TAYLOR of Colorado. I can not say they are a radical departure. I am not insisting that the point of order is well taken. I simply want to give the facts and submit the inquiry to the Speaker.

The SPEAKER. Nobody ever raised that point of order. The point of order that the gentleman from Iowa [Mr. SCOTT] raised was that the gentleman from Ohio as chairman of the Committee on Coinage, Weights, and Measures had never been authorized by the committee to call up this bill in this way.

Mr. TAYLOR of Colorado. I make the point of order—

The SPEAKER. The Chair's statement is that it never has been made.

Mr. TAYLOR of Colorado. I will now make the point of order that the two bills are not the same, and that the Senate amendments are a substantial and radical departure, and that the Senate bill can not be taken from the Speaker's desk and considered under the rules. The two bills are certainly as far apart as the North and South Poles, as far as the State of Colorado is concerned. The House bill pertains to all the States of the Union, and the Senate bill does not pertain at all to the State of Colorado, which I have the honor in part to represent.

Mr. Speaker, these standard apple box bills may possibly be wise and beneficent measures, and when my constituents have had a sufficient opportunity to thoroughly consider and understand them they may approve of them. Of course I can not tell what their ultimate position will be. But since these bills were actively brought up some time ago the great majority of apple growers in Colorado have been so intensely busy that they have not had time to systematically consider these measures, and it is true that the shippers seem to very largely approve of the measures. But the growers and small dealers in two of the largest fruit-growing counties in my district—Montrose and Delta Counties—seem to be almost unanimously opposed to the measures in their present form. They especially do not like the feature of counting the apples and showing the number contained in each box. But I will not discuss the details of the bill at all. I merely desire to take the position of some of my constituents upon the matter by inserting some resolutions, telegrams, and letters pertaining to it.

I feel that a bill of this far-reaching importance throughout the United States ought to be very carefully considered before it is passed, and there will be ample time to consider it at the short session next winter, inasmuch as it ought not to go into operation right now in the midst of the apple-gathering season. I therefore insist upon my point of order, primarily for the

purpose of putting the bill over until next winter for further consideration.

Some of the protests which I have received objecting to the bill are as follows:

PAONIA, COLO., July 30, 1914.

HON. EDWARD T. TAYLOR, M. C.,
Washington, D. C.

DEAR SIR: In reference to the standard box for apples as outlined in the Raker bill, we wish to call your attention to the following facts and conditions: The apple growers of the western slope have used the Colorado standard or the United States standard box until they have established a trade and created a demand that is not satisfied with the Northwest box, such as is proposed in the Raker bill.

In the said districts our apples in the Colorado box have the call over the northwest apples. Again, the apples of the Northwest are larger than our Colorado apples, and when tiered and numbered as demanded by Raker bill will make a better appearance than our smaller Colorado apples, though color and keeping qualities may not be so good.

This regulation would handicap our sales and disappoint the trade, and would virtually be class legislation for the benefit of the Northwest growers.

Therefore we ask you to use all fair means and influence to defeat this bill, and let each district remain free to supply the trade it has built up. We believe this will give a square deal to all growers.

Respectfully,

THE NORTH FORK FRUIT GROWERS' ASSOCIATION,
By WALDON HAMMOND, *Manager*.
THE PAONIA FRUIT EXCHANGE CO.,
By L. S. COFINDY, *Manager*.
THE UNION FRUIT CO.,
By T. H. LEWIS, *Manager*.
THE NELSON BROS. FRUIT CO.,
By H. MATHISON, *Manager*.
DENNY & CO.,
By T. T. DUFFIELD, *Manager*.

OLATHE, COLO., July 27, 1914.

HON. EDWARD T. TAYLOR,
Washington, D. C.

DEAR SIR: We earnestly request that you use every endeavor within your power to defeat the Raker box bill now pending in Congress, as we fear that it would greatly injure the apple industry of the western slope. Well-informed persons claim that our apples can not be packed in the size box contemplated in the bill. There would also be an unjust discrimination against Colorado apples because of the fact that they do not attain the size of those grown in the Northwest, although of superior quality and flavor.

Undoubtedly the bill was prepared in the interests of the dealers and against the interest of the farmer. Thanking you for the interest you have already shown in our behalf,

Very truly, yours,

E. L. OSBORN, JR.
CHARLES DOLAND.
G. P. BROUGHTON.
F. B. QUINLAN.
W. A. DENNIS.
GEO. H. BROWN.
A. K. ELICKER.

MONTROSE, COLO., July 27, 1914.

HON. EDWARD T. TAYLOR,
Congressman at Large from Colorado, Washington, D. C.

DEAR SIR: We are in receipt of your several wires and letters, also letter written you by Mr. Fletcher, of the Grand Junction Fruit Growers' Association. Mr. Fletcher's letter has been forwarded through Mr. Moore to Mr. Craig, of Paonia. We are under obligations to you for the interest you are taking in the apple-box bill, but are at a loss to add very much to what we have already said as to why we think it would be a detriment to the growers of apples in Colorado to have this bill passed, and we are of the opinion that Mr. Fletcher's second letter to you, in which he opposes this bill being made mandatory instead of optional, seems to us as a strong argument as to why this bill should not be passed, for we can see no reason for passing an optional bill; and if the bill, mandatory, is a detriment to the apple growers of Colorado, then we see no reason why the bill should be passed. It puts Mr. Fletcher in exactly the position that we wired you he was in—that he hoped that the passage of this bill would give him and his association an advantage over other apple-growing districts in Colorado. Now, we have insisted all along that this bill was absolutely in the interest of the Northwest, and this letter, in my judgment, shows you why. The apples are now growing on young trees, and are larger, and they have a very much larger per cent of fancy and extra fancy apples than we have, and they are unable to get their lower grades into the market, and by passing this bill and making it mandatory they hope to stop us from marketing our lower-grade apples. We find that by reason of the fact that we are able to put up our apples in an inexpensive pack that is a source of a great deal of revenue to us, and if we are compelled to pack them in the expensive way that the people of the Northwest pack them we will be unable to market them.

We are spending a good deal of money in a suit that the people of Montrose and Delta Counties have commenced before the Interstate Commerce Commission in an effort to get lower rates on our bulk apples and on our apples in boxes to some territories, so as to enable us to market our fruit at a profit, but I fear it will be of little benefit to us if we are compelled to follow out the plan laid down by the Raker bill.

I note you said in your wire you had received a great many wires from the dealers in Denver asking you to use your influence to pass this bill. We are unable to see what interest the dealers in Denver have in a bill concerning the apples grown in Colorado. If you should happen to be in Denver during the months of December, January, and February, you will notice a very large per cent of all the apples handled by the dealers in Denver are grown in Idaho, Oregon, and Washington, and they use very few apples grown in Colorado.

I trust you will see your way clear to oppose this bill and induce, if you can, other members of the Colorado delegation in Congress to do the same.

With kind regards, we are,
Very truly, yours,

J. F. KYLE.
T. W. MONELL.
MONTROSE FRUIT & PRODUCE ASSOCIATION,
EARL RULE, Manager.
JOHN C. BELL.

GRAND JUNCTION, COLO., July 25, 1914.

HON. EDWARD T. TAYLOR,
Washington, D. C.

DEAR SIR: Replying to your wire of the 21st, I can add but little to my wire to you of the 20th; and I still contend there is not 10 per cent of the growers in Colorado, Utah, New Mexico, Kansas, Nebraska, or, in fact, in any of the States east of the Rocky Mountains, that know there is a bill now before Congress regulating the regular size package and a particular style packing. With a few exceptions, the only ones that know anything about this bill are the shippers and the growers in the Northwest; that is, Washington, Oregon, Idaho, and California. It seems to me this is sufficient reason this bill should not be passed at the present time; in fact, until all apple growers have become familiar with the contents of this bill.

I am also strongly opposed to any bill being passed except it be mandatory. If we are going to have a standard box for apples, it should be the standard box for all grades of apples, the same as the standard barrel is for all grades. The box now used in Colorado contains exactly one-third of a barrel, according to the law now in effect in New York State, also the barrel designated in the bill which passed Congress a year ago, known as the Sulzer bill.

I also believe when a box is adopted as standard we should even go a little further and adopt grades. If you will read over the Sulzer bill, you will find they not only designate the size of the barrel but also the grades.

Mr. J. F. Kyle sent me a copy of your letter to him under the date of July 17, also two letters from Mr. Fletcher, of the Grand Junction Fruit Growers' Association, under date of July 7. You will notice from his second letter of that date he is opposed to this bill being mandatory instead of optional—he says for several reasons, the main reason being that in all the orchards there are apples not suitable in quality to be packed in any expensive manner; and while he urges the passage of this bill, he admits that to pack apples in that manner is very expensive. Mr. Fletcher might have gone on and stated truthfully that there is not to exceed 35 per cent of the apples grown in Colorado that would grade as well as the apples produced in the Northwest on account of size. I never felt so sure of anything as I do that, if this bill becomes law, and we are compelled to go to the expense of packing our apples according to the tenor of the bill, it will be a great detriment to the majority of our growers.

The tendency of the times, Mr. TAYLOR, is a larger quantity of any article at the same price; but this bill reduces the quantity; but for what few apples the grower saves by using the smaller box, the expense of putting up this pack more than offsets the few apples he has saved. On the other hand, the consumer is paying fully as much and getting less in quantity and no better fruit.

I notice in your wire you mention Delta County Fruit Growers' Association as being in favor of the bill. I was surprised to know that, for the reason I had understood they were opposed to it; but I will say to you, Mr. TAYLOR, the Delta County Fruit Growers' Association is not an association of growers; it merely means Mr. George Conklin and three or four of the stockholders that absorbed the old Delta County Association; and I do not presume they have handled as much as a hundred cars of apples any year for the past several years.

John Denney, of Chicago, operates quite extensively in all western Colorado districts. He also operates in Idaho and other northwestern districts. I inclose you a letter from Mr. Denney, from which you will find he is very much opposed to Colorado adopting this expensive pack.

Now, it is a fact, Mr. TAYLOR, 90 per cent of our apples are sold throughout Minnesota, the Dakotas, Iowa, Kansas, Nebraska, Oklahoma, Texas, and Louisiana. Early this spring I wrote practically all the trade in these districts to whom I have sold apples for 15 years, and without a single exception they all urged me to stay with the old-style box. And for your information I am inclosing you copies of some of these letters. I have picked out just a few of the representative ones from the different localities. And I have learned as a fruit shipper that the best principle to work on is to put out your product in the way your customer prefers it, regardless of what our own opinion might be.

One of the reasons our apples grade smaller than the Northwest is our orchards are old, and after their orchards become older they will grow a larger portion of small apples the same as we do; but they do not seem to realize that at the present time.

The Northwest caters to the trade in the large cities that sell apples by the dozen, while our trade lies almost entirely with the smaller markets and country where they are looking for all they can get for their money, and, as you know, this class of people constitutes the very large majority of people that use apples. You remember, Mr. TAYLOR, the old Democratic slogan, "The greatest good for the greatest number," and I am working on the principle, the greatest amount of fruit at the least expense.

Also all measurements, as near as I can learn, in all the States are based on the bushel; that is, berries, for instance, the standard half pint, pint, and quart are integral parts of the standard box or of the standard barrel.

I sincerely urge you use your influence against the passage of the Raker bill.

Very truly, yours,

JOHN F. MOORE FRUIT CO.,
J. F. MOORE.

PAONIA, COLO., August 21, 1914.

HON. EDWARD T. TAYLOR,
Washington, D. C.

DEAR MR. TAYLOR: Your letters of June 17 and July 17 have gone unanswered because of my absence from town. On my return I wired, asking you, in substance, to kill the Raker bill, and I trust that has already been accomplished.

I do not know what arguments you have had pro and con from growers and shippers, but in my interviews with local persons these difficulties have been encountered: First, it is impossible to mark the number of apples and the style of pack used. The Colorado box contains a full bushel. Retailers can get 4 pecks from it, but they can not get

more than 3½ pecks from the standard box of the Northwest. This generous measure has given Colorado fruit preference in a wide range of markets, and they (the marketmen) look upon this bill as nothing less than a sort of last stand on the part of the northwestern shippers in defense of their unsuccessful attempt to force their short box on the market.

Line 23, page 2: To mark a variety of apples "Unknown" costs the grower from 25 cents to 50 cents in many cases, where the apple is of good quality and appearance. A local designation, such as "Colorado Favorite" or "Mountain Beauty," should be permitted, as dealer, retailer, and consumer alike shy away from anything "Unknown."

Another bad feature of the bill is that it robs the Colorado shipper of his right to the use of the grade designation "Standard," which is widely in vogue. "Standard" fruit has always meant fruit of marketable quality, not necessarily fancy fruit. The trade does not interpret it to mean the highest degree of excellence obtainable from that shipper, but rather the opposite.

The provisions of section 6 are intolerable. Growers and shippers have always held that it should be the cubical contents and not the specific dimensions of a box that should govern. If I am not mistaken, there are still three or four separate sizes of boxes being used by packers in different parts of this State, in most cases job lots, but all containing more than a bushel.

The statements in Mr. Fletcher's letter (which is returned herewith) are all very true, so far as I know. His support of the bill, however, is, or should be, passive rather than active, since he has nothing to gain by trying to help the whole apple-growing country to be the "fittest to survive." In other words, if he thinks it is a good thing, the longer other districts leave it alone the better off his companies will be. I have heard his question thrashed out time and again in jobbers' conventions and other similar meetings, and the boosting for the Northwest box always had to come from shippers, fair promoters, or exclusive selling agents. The dealers were almost unanimous in their commendation of the full bushel. Mr. Fletcher's position is such that his companies have nothing to lose if the bill fails of passage, while these districts that cling to the full bushel would be seriously crippled if it becomes a law.

Sincerely, yours,

A. L. CRAIG.

MONTROSE, COLO., September 1, 1914.

HON. EDWARD T. TAYLOR, M. C.,
Washington, D. C.:

Referring to your wire concerning the Raker apple-box bill, we oppose the bill in its present form and prefer that Colorado be left out. Our legislature can pass a bill that will comply with the conditions in Colorado. We favor a box containing one-third the cubic contents of the standard barrel, irrespective of number of apples in box. There are two things we want to avoid—counting the apples and selling in boxes less than a bushel.

Manager Montrose Fruit and Produce Association.
B. S. TOBIN,
Secretary Fruit Growers' Association.
E. N. GIBSON,
Manager Crane Cooperative Association.
T. W. MONELL,
J. F. KYLE.

GRAND JUNCTION, COLO., September 4, 1914.

HON. EDWARD T. TAYLOR,
Washington, D. C.:

We strongly oppose Raker bill. New York law, now effective, specifies capacity of package; also different grades for apples (see Brookes branding law, New York State, sections 16 and 17; also pamphlet St. Joseph Hartigan, commissioner, mayor's bureau weights and measures, New York State). We understand Ashbrook-Senate bill, passed this session of Congress, defines barrel of 70.056 cubic inches, or subdivisions of third, half, and three-quarters barrel. Colorado box complies with this law; other States using same capacity baskets for peaches, pears, apples; also Colorado using baskets largely for peaches, same capacity as our box; these known in all markets as standard bushel baskets. Indications baskets will be used more extensively each season for all kinds of fruit, especially east of Rockies. Colorado box subdivision of standard barrels should be adopted as standard bushel box. Northwest pushing bill in self-defense. If our box designated standard, would compel them to mark theirs short. Raker bill hardly been mentioned in trade journals, horticultural journals, or newspapers, excepting in Northwest. Very few growers or shippers informed on this measure. Use best effort either to kill or suspend this measure. If compelled, accept. Our opinion, better exclude Colorado. Will try to have legislature adopt standard Colorado bushel box.

JOHN F. MOORE.

PAONIA, COLO., August 15, 1914.

HON. EDWARD T. TAYLOR,
House Office Building, Washington, D. C.:

Your correspondence on apple-box bill neglected by my absence from town. The bill as reported can not fail to work great injustice to growers and shippers. I have secured opinions of many, and find but one who does not express emphatic protest. By all means kill it. Writing fully.

ARTHUR L. CRAIG.

DELTA, COLO., August 1, 1914.

HON. EDWARD T. TAYLOR, M. C.,
Washington, D. C.

DEAR SIR: In reference to the standard box for apples as outlined in the Raker bill, we wish to enter our protest to this bill and ask you to do all in your power to defeat the bill, working in our behalf. We believe if this bill is passed it will work great hardship on our growers in Colorado.

THE DELTA COUNTY FRUIT GROWERS' ASSOCIATION.
THE ASSOCIATED FRUIT CO.
THE SURFACE CREEK FRUIT GROWERS' ASSOCIATION.

GRAND JUNCTION, COLO., July 29, 1914.

HON. EDWARD T. TAYLOR, M. C.,
Washington, D. C.:

We know, with exception Grand Junction Association, all shippers in State oppose Raker bill. It is our opinion not 10 per cent of the Colorado growers know this bill now before Congress. For some reason as

sociation has not advised their growers in reference to this bill. It has not been published in local papers in any apple district. Growers should have opportunity to know something about its contents before bill becomes law. We know dealers are anxious for uniform box; so are we. Contents of our box now in use is one-third of a barrel. Proposed bill, House Calendar 4899, also standard barrel adopted and now enforced by law for both fruit and vegetables in New York State, while box proposed is no specified portion of standard barrel. Colorado apples sold principally in Dakotas, Iowa, Nebraska, Kansas, Oklahoma, and Texas. Practically all dealers in these markets urge us to continue using bushel box, as they sell by peck. Northwest sells principally to large cities, where apples sell by dozen. We believe it class legislation to compel us to specify the number of apples in container while barrel shippers are not compelled to do so. Do not fail to give us your best effort against this bill.

JNO. F. MOORE.

MONTROSE, COLO., August 14, 1914.

HON. JOHN E. RAKER, M. C.,
Washington, D. C.

MY DEAR SIR: Replying to yours of August 10, copy of the bill was not received, but unless its amendments are favorable to the people of the Intermountain States, I can not withdraw my objection to House bill 11178.

I have no desire to criticize your motives, and believe that it is done with the sincere purpose of trying to unify the apple business, something which will be utterly impossible. The only unification that I can see possible would be a standard bushel box. The box you plan would regulate packing, but is under a bushel and no part of a barrel.

I know that certain fruit associations have endorsed this bill without understanding what it means. The regulations attached in your bill would be led off by the theories advanced by men who have never shipped an apple, newspaper writers, and by the commission men.

Let me make a comparison. I have a certain trade in Chicago, Des Moines, and occasionally Sioux City for potatoes. It is immaterial to me much what the prices are, because this trade demands a fancy potato. Last year I received for my potatoes from this trade \$1 to \$1.15 per hundredweight f. o. b. Montrose, while the average field run was selling for 70 to 75 cents. To meet the requirements of this trade all my potatoes go over a 2½-inch screen, while the ordinary run for Kaw River, Red River, and other potato-producing sections, including your State, have a 2 and 2½ inch screen. Now, we can grow potatoes in this country which run 75 per cent fancy. Would it not be just as consistent to say that all potatoes must be graded to a certain size and the number of potatoes contained in a sack given, based on kind we grow, as to say that the Intermountain people should with their apples meet the requirements embraced by the Northwest?

We know the Northwest grows a larger apple. The more humidity and the warmer the nights, the larger the fruit will grow, but the poorer its keeping quality. We have built up a trade with a shuffle pack, which pack, the way we pack them, runs a trifle over a bushel. The rule for our apples to make a fancy for this trade is 2½ inches for Winesap, Jonathans, and Grimes Golden; 2½ inches for all other varieties.

While the last few years I have not been much of a shipper except from my own place, I might say I have not been without experience in this line, because I have handled the western business for, first, Porter Bros., and F. Newhall & Sons, Sylvan Newhall, Cruchfield, Woolfolk & Gibson, and then the Gibson Fruit Co., and during that time I handled many thousand boxes of apples. These apples went into storage mostly, and were not taken out until after the northwestern apples were disposed of. It is well known that the higher the altitude the smaller the apple, but the better its flavor and keeping quality.

In addition, I would call your attention to the fact that in your own State conditions are rapidly changing to meet the trade. They are demanding of you people bushels, and if you will examine shipments for this year you will see that your State and Texas are shipping many cars in bushel baskets or carriers. Indications are that Colorado and Utah this year will ship a thousand cars of peaches, the bulk of which will be in bushel baskets. This is an entirely new departure for us, but shows how conditions change. I am also reliably informed that Michigan has a standard law for bushel baskets. My judgment is that in five years time the Intermountain fruit trade will all be on a basis of some kind of bushel measure.

I realize that as a Nation we have been exceptionally bright in many things, but we are the crudest of any Nation on earth when it comes to assisting the farmers. Everything has tended toward increasing the greater production, but the essential of true business has been overlooked, namely, the marketing of these products.

I can cheerfully say that I am ready to assist at any time in something that would tend to better this condition, but I am very fearful of the effects of this bill, should it become a law. I believe you have no desire to break down an industry in one section for the benefit of another, is the reason that I have taken the liberty to go into detail as fully as I have.

With best wishes,
Sincerely, yours,

T. W. MONELL.

PAONIA, COLO., August 15, 1914.

MR. JOHN E. RAKER, M. C.,
Washington, D. C.

DEAR SIR: In answer to yours of August 10, inquiring about our opposition to a bill establishing a standard box for apples by Mr. RAKER, our first grounds of opposition is that the box specified by the bill is a standard of nothing. It is neither a bushel nor one-third of a barrel; consequently its contents can not be specified in any unit of measure. It is neither a bushel nor any multiple of a bushel.

Secondly, it incurs unnecessary expense on the part of the grower to prepare his apples for market, as he has to grade the apples into different sizes. While it is a known fact that all our standard apples, if perfect in form and color, 2½ inches and larger, make an extra apple, while with grading apples as provided by this bill will throw the 2½ up to 2½-inch apples, no matter how handsomely colored and perfectly shaped, into the lowest grade and sell for less money.

In addition thereto, parties running two or three hundred packers will find it absolutely impossible to set the correct number of apples in the boxes, so that they will continually be paying fines.

Further, we have for 15 years marketed our apples in the box we are using now, which contains a few inches over a bushel; have established a market for them in these boxes, in which they sell as readily or more readily than apples put up in the box you wish to make standard and packed according to the rules of the proposed bill.

We have been successful in marketing our fruit in the package we now use, and have been able to put the fruit up at minimum cost, and we can see no justice or really any sense in a bill which strives to change our pack and make a standard out of a box that contains no unit of measure and has nothing to recommend it as a standard box, except that the people of the Northwest have used it. If they have been successful in marketing their apples in this box, we see no reason why they should not continue to use it; but if we are to have a standard box, we can see no reason for using anything for that standard but the bushel box.

But as to the grading, every community should have the privilege of grading apples to suit the apples they raise in that community.

If the eastern growers were compelled to grade apples by the rules we use in this country, they would not find one apple in a thousand with enough color to be classed as an extra apple; while if the people of the Northwest had to grade according to our rules on color, they would not be able to get one-half the extra apples they do now, while if we were compelled to grade according to their rule on sizes, we would not be able to market half of our apples.

It is our belief that if we have a few more freak bills passed by Congress and a few more freak rulings by the Pure Food Commission, that half of the growers in the United States will be forced out of business. They will not be able to stand the expense of preparing their fruit for market under the rulings of these freak bills and rulings.

THE NORTH FORK FRUIT GROWERS' ASSOCIATION,
WELDON HAMMOND, Manager.

MONTROSE, COLO., August 20, 1914.

MR. A. J. COOK,

State Commissioner of Horticulture, Sacramento, Cal.

DEAR SIR: Replying to yours of August 15, will say you are correct in your surmise that I am actively opposed to your fruit-box and pack bill. I am aware that most of the apple regions were in favor of this bill, but I take pleasure in informing you now that many of them have seen the error of their indorsement and are now actively opposing it. In addition, a great many of the distributors now realize that the passage of this bill would cripple the industry in many sections of the country. We are in favor of the standardized box that contains a bushel, and if you people want to meet us on that ground we are ready to meet you; but you have no right to say how we shall pack our fruit. We know our own business, and have built up the trade on an honest box of apples or a certain style and package, and no other State has a right to say that we shall pack to suit them. The package you propose is no equal part of a barrel, and is not a bushel, and the only advantage it would be would be to the Northwest. I am reliably informed that certain parts of your State will be seriously injured to comply with it.

I do not think that there is any reason to believe that the bill will pass in its present form, as it is so manifestly unfair and injurious that I feel that Congress will not be led into accepting something for the benefit of some one section and a detriment to another. To say how we shall pack our apples would be just as consistent as for us to turn around and insist that your apples should be kept in cold storage the same length of time that ours are; and you know that that is an impossibility. The consumers of the United States are entitled to receive what they pay for, and the Colorado pack has always given them 1 bushel of apples.

So as not to take up too much of your time and the time of others interested, I am writing this on the behalf of our different associations, Mr. J. F. Kyle, and the granges.

Very truly, yours,

T. W. MONELL.

THE SPEAKER. Does the gentleman from Tennessee desire to be recognized?

MR. GARRETT of Tennessee. Mr. Speaker, I simply want to suggest that under the statement made by the gentleman from Colorado they undoubtedly are not similar bills. I really rose to make the point of order. If they have undertaken by the Senate bill to exclude a State, why, of course, they would not be similar bills.

THE SPEAKER. That is what they do undertake to do. They state in so many words that it shall not apply to the State of Colorado.

MR. GARRETT of Tennessee. That makes a change in substance; so much so that the point of order, it seems to me, is well taken.

MR. RAKER. Mr. Speaker—

MR. ASHBROOK. Mr. Speaker, I want to say the committee was of the opinion that this amendment to the bill put in by the Senate excepting the State of Colorado should be stricken out, and the committee is favorable to the striking it out. But the bill is substantially the same; one amendment changed the time of its going into effect from 1914 to 1915, and the other two amendments are minor.

MR. GARRETT of Tennessee. Mr. Speaker, that would not affect the question of consideration which the gentleman raised. I think its consideration depends upon its being precisely the same in substance as the Senate bill. Of course if it should be considered by unanimous consent, which the gentleman could ask, that would be a different proposition. The fact that the committee is willing to have the House strike out the amendment would not affect the parliamentary situation under the point of order made by the gentleman from Colorado.

MR. RAKER. Will the Speaker hear me for a moment?

THE SPEAKER. Yes.

MR. RAKER. In my statement to the House, so there will be no misunderstanding, the Senate bill that was originally upon the Speaker's table and which as sent to the Senate and back to the Committee on Coinage, Weights, and Measures is identical and is the same bill; and I desire to make this state-

ment so as to clear up the statement of my friend from Colorado. Now, House bill 11178 as reported by the committee with the two amendments is identical, with the exception, possibly, of three words in the first paragraph, with the Senate bill, save and except the statement which I will now make.

Mr. LOGUE. Will the gentleman yield just there?

Mr. RAKER. I yield.

Mr. LOGUE. Is not the subject of this bill the establishment of a particular standard?

Mr. RAKER. Yes.

Mr. LOGUE. And is not the question of the State merely regulative as to where it will affect?

Mr. RAKER. I think so. The first and only change is in line 3, "hereafter provided for"; otherwise the two bills that were reported by the committee to the House and passed by the Senate are the same, save and except the proviso on page 11, which is as follows:

Provided, That nothing herein contained shall prevent packing, shipping, or offering for sale apples grown in the State of Colorado in boxes or containers whose dimensions do not comply with those hereinbefore described.

Mr. Speaker, I want to call attention particularly to the rule that bills have to be substantially the same. The State of Colorado is not exempted from this bill. None of the States are exempted from this bill; but there is one provision, and one provision only, which relates to the dimensions of the boxes, and says that the State of Colorado may use a different dimension as to the standardization, of developing, and of marking the boxes and the kind of fruit grown. Otherwise the bill is the same in Colorado as in every other State. Now, does the word "substantial" mean anything? That rule must have been adopted for some elastic purpose; it must have been adopted with some idea of elasticity and of change, because if the House bill and the Senate bill were the same then there would be no necessity for the purpose of using a proviso if the House bill is substantially the same as the Senate bill. Both bills relate to the same subject; both bills cover every subject under consideration, and the only difference is as to that one exemption relative to the dimension of the boxes. In section 1, lines 6 to 10, it provides the kind and character of boxes to be used in the United States. The proviso, and the only exception, is that in the State of Colorado there may be a different size of boxes or containers, whose dimensions do not comply with these provisions herein described.

Mr. TOWNSEND. Will the gentleman yield?

Mr. RAKER. I yield.

Mr. TOWNSEND. What other important thing does the bill seek to accomplish besides standardizing an apple box? Is not that the important thing of the bill?

Mr. RAKER. No. That is the minor consideration.

Mr. TOWNSEND. Will not the gentleman explain what is of more importance in the bill than that?

Mr. RAKER. That is as to the size of the box, and is of minor consideration. The question in the bill that is important is that the box should be marked "Standard," and when it is marked "Standard" that means that the name of the owner is placed thereon, the place of the growth of the apple, the kind and character of the apple, and the further provision that the apples offered for shipment in interstate and foreign commerce are of a well-known species, that they are all one variety, that they are reasonably uniform in size, that they are fully matured, that they are practically free from insect pests, that they are free from disease, that they are free from bruises and other defects; so that when a man buys a box of apples, whether the box is 10 by 14 inches, or whether it is 12 by 16 inches, he knows he is buying one grade of apples, one kind of apples, well-matured apples, and that they are free from insect pests and diseases.

Mr. GOULDEN. Will the gentleman yield?

Mr. RAKER. I yield.

Mr. GOULDEN. I would like to know if there is any difference in the Colorado apples and those from other States. Why do you differentiate?

Mr. RAKER. There is none whatever. That is the purpose of the bill. Those who use the standard box put it on the market with all of these conditions and of size and quality marked on the box, and if they violate them they are then subject to a penalty provided for in the bill.

The SPEAKER. The Chair thinks the amendment as to Colorado makes the bill obnoxious to the rule. We can not say they are substantially the same with that provision in there.

LEAVE OF ABSENCE.

Mr. McLAUGHLIN (at the request of Mr. J. M. C. SMITH) was granted leave of absence indefinitely, on account of death of nephew.

BOARD OF MANAGERS, NATIONAL SOLDIERS' HOME.

Mr. HENRY. Mr. Speaker, I submit a privileged resolution from the Committee on Rules.

The SPEAKER. The Clerk will report the resolution.

The Clerk read as follows:

House resolution 646 (H. Rept. 1192).

Resolved, That immediately after the adoption of this resolution, H. J. Res. 241 with the Senate amendments thereto shall be considered in the House as in the Committee of the Whole House on the state of the Union; that there shall be 30 minutes of general debate on said resolution, at the end of which time the previous question shall be considered as ordered on the motion to concur in all the Senate amendments.

Mr. HENRY. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The gentleman from Texas has 20 minutes and the gentleman from Kansas [Mr. CAMPBELL] 20 minutes.

Mr. HENRY. Mr. Speaker, I do not desire to discuss the rule unless the gentlemen on that side wish to do so. Does the gentleman from Illinois desire time?

Mr. MANN. I want a little time on the bill.

Mr. HENRY. On the report?

Mr. MANN. No; on the bill.

Mr. HENRY. You want it on this resolution?

Mr. MANN. I do not care whether it is on the rule or not. There is half an hour general debate provided.

Mr. HENRY. There will be no trouble about that. Mr. Speaker, I ask for a vote on the resolution.

The SPEAKER. The question is on agreeing to the resolution.

The question was taken, and the resolution was agreed to.

EXTENSION OF REMARKS.

Mr. SMALL. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record by printing an address on rural credits, by ex-Judge R. W. Winston, of Raleigh, N. C.

The SPEAKER. The gentleman asks unanimous consent to extend his remarks in the Record by printing remarks by Judge Winston, of North Carolina, on rural credits. Is there objection?

There was no objection.

Mr. COX. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record by printing a speech made by the Hon. John Skelton Williams before the Indiana Bankers' Association, at Indianapolis, a few days ago.

The SPEAKER. The gentleman from Indiana asks unanimous consent to extend his remarks in the Record by printing a speech delivered by the Comptroller of the Currency, the Hon. John Skelton Williams—

Mr. HENRY. Mr. Speaker, reserving the right to object, when was that address delivered?

Mr. COX. About two or three weeks ago; I do not remember exactly.

Mr. HENRY. Is it on the currency question?

Mr. COX. On the Federal reserve act.

Mr. HENRY. I shall not have any objection, if I may extend my remarks in the Record by printing a letter which I recently wrote to the Secretary of the Treasury on the subject.

The SPEAKER. The gentleman from Texas [Mr. HENRY] couples with that request that he may be permitted to extend his remarks by printing a letter which he recently wrote to the Secretary of the Treasury on the same subject.

Mr. MOORE. Mr. Speaker, reserving the right to object, I would like to ask the gentleman from Texas if a letter of the Secretary of the Treasury bearing on the same subject has not already been printed in the Record?

Mr. HENRY. I do not know that it has.

Mr. MANN. It has been.

Mr. HENRY. Then I will change my request and ask leave to print in the Record a little bill of four or five sections, which I have prepared.

The SPEAKER. Does the gentleman from Texas wish to print both?

Mr. HENRY. Yes.

The SPEAKER. The gentleman from Texas fell into error about what was said over on this side. It was the Secretary of the Treasury's letter that was printed.

Mr. MOORE. Mr. Speaker, I merely wanted to find out if what the gentleman wanted to print is an answer to what the Secretary said about financing the cotton situation?

Mr. HENRY. Yes.

Mr. MOORE. Then I see no objection to having the answer printed.

Mr. HENRY. It is not only an answer, but a complete answer.

The SPEAKER. The gentleman from Texas [Mr. HENRY] asks leave to couple with the request of the gentleman from Indiana [Mr. Cox] the request that he be permitted to print a letter to the Secretary of the Treasury on the cotton question. Is there objection to either request?

There was no objection.

Mr. BUTLER. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record by publishing a communication that I have here, entitled "National Issues; or, Why Republican Legislators Should Be Returned to Congress," by Prof. A. S. Boles, of Haverford, Pa.

The SPEAKER. Is there objection to the gentleman's request?

There was no objection.

Mr. TAYLOR of Colorado. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record by inserting some resolutions of my constituents concerning this apple-box bill that I just objected to.

The SPEAKER. The gentleman from Colorado [Mr. TAYLOR] asks unanimous consent to extend his remarks in the Record by inserting some resolutions of his constituents concerning the apple-box bill. Is there objection?

Mr. RAKER. Mr. Speaker, I ask unanimous consent that I may extend my remarks in the Record on the same subject.

The SPEAKER. The gentleman from California [Mr. RAKER] makes the same request—to extend his remarks on the apple-box bill. Is there objection to these requests?

There was no objection.

BOARD OF MANAGERS, NATIONAL SOLDIERS' HOME.

Mr. HAY. Mr. Speaker, I take it that under the rule just agreed to the half hour of general debate will be controlled by the gentleman from California [Mr. KAHN] on that side and by myself, chairman of the committee, on this side.

The SPEAKER. Yes. The gentleman from Virginia [Mr. HAY] is recognized for 15 minutes.

Mr. HAY. I do not see the gentleman from California here.

The SPEAKER. In his absence the gentleman from Illinois [Mr. MANN] will control the time. Who is the second on the committee?

Mr. HAY. I do not know; but I see the gentleman from Vermont [Mr. GREENE], a member of the committee. But there will be no trouble about that.

The SPEAKER. The gentleman from Virginia [Mr. HAY] is recognized for 15 minutes.

Mr. HAY. Mr. Speaker, this resolution provides for the election of five members of the Board of Managers of the National Home for Disabled Volunteer Soldiers. The resolution when it passed the House provided for the election of four, and when it went to the Senate the Senate amended it by increasing the number on the board from five to seven and provided for the election of five of those members. The only question is about the concurrence of the House in the Senate amendments, and at the proper time I shall move to concur in the Senate amendments, under the rule.

Mr. GOULDEN. Mr. Speaker, will the gentleman yield?

Mr. HAY. Yes.

Mr. GOULDEN. As I stated the other day to the House, I do not believe that this was a wise conclusion on the part of the conferees. As the president of the board of trustees of one of the largest State soldiers' homes in the country, we have reduced the number of trustees from 11 to 9, and from 9 to 7, and are getting better, more efficient service and more activity on the part of the members of the present board of trustees than when we had a larger board.

Now, while I do not believe the conclusion reached is wise, I am not going to oppose the measure, because of the lateness of the session and our desire to have this matter settled finally.

Mr. HAY. Mr. Speaker, I reserve the balance of my time.

The SPEAKER. The gentleman from Virginia reserves 13 minutes.

Mr. KAHN. Mr. Speaker, I yield three minutes to the gentleman from Washington [Mr. BRYAN].

The SPEAKER. The gentleman from Washington [Mr. BRYAN] is recognized for three minutes.

Mr. BRYAN. Mr. Speaker, this bill comes up on a special rule, and so, I suppose, a discussion of the rules of the House would be in order in connection with that. It would be in order, anyway, under general debate. It is known that under the Philippine bill we have a right to extend our remarks in the Record, but I wish to make some remarks that I do not want to extend in the Record without putting them on in this way.

It is known that the gentleman from Illinois [Mr. MANN] submitted a suffrage amendment to the Philippine bill, and stated that he was going to do all that he could to put the

House on record on that proposition. It is known that after that I submitted several amendments along the same line and did what I could to put the House on record, and made the statement that all the votes against them came from one side of the House, and therefore put the Democrats, to a certain extent, on record in committee in reference to that matter.

Then, when it came to the time to offer the motion to recommit, I had in the meantime offered a prohibition amendment, and I desired to get a roll call on that prohibition amendment, and I was depending on some one from the other side of the House here to carry out the threat of the distinguished and able leader of the minority. Still I was not too reliant, for I went to the Speaker personally and asked for recognition to make my motion to recommit. I was informed that the committee member [Mr. TOWNER] had the right ahead of me, and I did not make the motion to recommit. So I prepared a substitute, thinking I could probably offer it as an amendment and thereby get the matter before the House. But when the motion was made, the gentleman from Iowa [Mr. TOWNER] moved the previous question on his motion to recommit, although his was a fake motion, because it did not recommit with any instructions whatever, so that it was only designed to absorb and take up that opportunity to make a motion to recommit, because it could not have had any other purpose. It was solely to make impossible what the motion to recommit is designed to accomplish.

Now, I want to call attention to the fact that the Record shows that these two amendments were prevented from having a record vote here in this House by the gentlemen on this side of the House surely as much as by the gentlemen on that side of the House. I do not know why it was done, or what the purpose of it was; but it certainly was a bipartisan action, and the defeat of the prohibition amendment was especially brought about by the previous question being attached to this fake motion, this sharp motion of the gentleman from Iowa [Mr. TOWNER], designed to make impossible a vote on suffrage and prohibition in the islands, when he moved to recommit the bill without any instructions whatever.

Mr. KEATING. Mr. Speaker, will the gentleman yield?

Mr. BRYAN. Yes.

Mr. KEATING. I merely wanted to ask the gentleman why he insisted that it was a bipartisan action? What did we on this side have to do with that motion?

Mr. BRYAN. One thing was that the distinguished gentleman from Colorado, who is an ardent friend of suffrage, did not try, on that side of the House, to make a motion to recommit. If he had done that, it would not have been a bipartisan action; but there was nobody on that side of the House who wanted to make such a motion.

Mr. GARRETT of Tennessee. Will the gentleman yield?

Mr. BRYAN. I will.

Mr. GARRETT of Tennessee. Does not the gentleman know that the rule expressly provides that the minority are entitled to recognition to make that motion, and that a gentleman who is opposed to the bill is entitled to recognition?

Mr. BRYAN. The gentleman has the advantage of that. It has got to be some one opposed to the bill. I concede that; but it seems to me the suffragists ought to have been enthusiastic enough to at least try to get in on the lines.

The SPEAKER. The time of the gentleman has expired.

Mr. BRYAN. Under the right to extend in the Record on this subject, I call attention to the fact that the suffrage amendment has been on the calendar a long time, and certainly the Democrats have prevented a vote and now the Republicans do the same thing. I would call that bipartisan.

There has likewise been pending before this House for a long time on the calendar and ready for vote a proposed amendment to the Constitution of the United States, known as the Hobson amendment for prohibition of the liquor traffic. That amendment is supported by a larger number of petitions than any that has ever been submitted to Congress for consideration. It has back of it the churches, the civic organizations, the uplift societies, and the best citizenship of the Republic. It is as certain of passage soon or late by Congress, in such form as may be determined upon, as is the eternal principle of truth. Men have arisen here the last few days and spoken with fervent eloquence of the consent of the governed as applied to the Filipino, and have urged the independence of the islands in some day yet to come, but this prohibition amendment has more importance attached to it than our policy in the Pacific or any other policy of this country, whether foreign or domestic. In this debate on the Philippine bill we have heard something about preambles, but here we have a preamble to this proposed amendment that means what it says, and says what it means. There is no exaggeration contained in its awful recitation, which certainly

ought to stir to action those who are here as the servants of the people sworn to render faithful service. Here is what that terrible recitation contains:

Whereas exact scientific research has demonstrated that alcohol is a narcotic poison, destructive and degenerating to the human organism, and that its distribution as a beverage or contained in foods lays a staggering economic burden upon the shoulders of the people, lowers to an appalling degree the average standard of character of our citizenship, thereby undermining the public morals and the foundation of free institutions, produces widespread crime, pauperism, and insanity, inflicts disease and untimely death upon hundreds of thousands of citizens and blights with degeneracy their children unborn, threatening the future integrity and the very life of the Nation: Therefore be it—

What a terrible indictment against alcohol! How can men of heart and conscience, men of integrity and faith in a hereafter, men who believe in punishment on earth and in the world to come, stand in this House in the presence of the American people and give aid and comfort to such an enemy of our homes, our country, and our God!

Hear the condemnation contained in the preamble to this resolution:

"Alcohol is a poison." No man would deny that. Every school child knows it is true.

"Alcohol is destructive and degenerating to the human organism." Let the man who denies that drink a pint of the stuff.

A STAGGERING ECONOMIC BURDEN.

New York City spends \$1,000,000 per day, or \$365,000,000 per year, for drink. This Nation's drink bill is reliably estimated at \$1,724,607,519. The New York Tribune places it somewhat lower, at \$1,410,226,702, and says:

All the corn, wheat, rye, oats, barley, buckwheat, and potatoes put together will not pay it. The liquor traffic calls for each year more than our whole civil service, our Army, our Navy, Congress, the rivers and harbors, pensions, all we pay for local governments, and all the schools in the country.

LOWERS AVERAGE STANDARD OF CHARACTER.

Only an inebriate or a devotee of the traffic who has already lost his character to the traffic would deny that.

UNDERMINES PUBLIC MORALS.

Go to the grogshops, the bawdy houses, the road houses, and then visit the police courts and hear the testimony they offer to verify this charge.

PRODUCES WIDESPREAD CRIME.

Figures compiled from the United States Statistical Abstract show one homicide in prohibition cities to three in license cities; one homicide to 14,513 of population in license cities and one to 44,026 in prohibition cities; one arrest to 92 of population in license cities and one to 299 in prohibition cities.

PRODUCES WIDESPREAD PAUPERISM.

Out of 3,230 inmates in almshouses in Massachusetts the State bureau of labor statistics reports 1,274—47 per cent—were due directly to the personal use of liquor. Many more were there as children and dependents of drunken and debauched parents.

PRODUCES WIDESPREAD INSANITY.

A Pennsylvania commission, acting under the direction of the 1911 legislature, makes this report:

The fact that alcoholism and feeble-mindedness are so intimately related brings this subject within the province of this commission, which, from its investigation, feels warranted in making the declaration that alcoholism, next to heredity, is the most prominent contributory cause in producing mental defect, degeneration, and disease.

INFLECTS DISEASE AND UNTIMELY DEATH UPON HUNDREDS OF THOUSANDS.

Is there a worse disease conceivable than alcoholism itself? A drunkard! An inebriate! What is he fit for except a drunkard's grave? As to deaths due to alcohol, the *Vindicator*, published at Franklin, Pa., says:

Something less than two years ago a prominent New York life insurance man, Mr. E. P. Phelps, the editor of the *American Underwriter*, undertook a study of the mortality caused by drink, with the announced purpose of showing that the estimates of the prohibitionists are exaggerated. When his figures were completed he himself had arrived at the conclusion that drink is a factor every year in the death of just less than 66,000 Americans.

This showing was so unacceptable to the liquor interests that they have spent a large quantity of perfectly good printer's ink in attempts to break the force of it.

BLIGHTS WITH DEGENERACY CHILDREN UNBORN.

Alcoholism, syphilis, and tuberculosis are the trinity of diseases that lay the heaviest toll of degeneracy on the race to the third and fourth generation. The alcoholic most readily falls a victim of syphilis and tuberculosis, and the drunkard's baby suffers from the nonsupport and the debauchery of a drunken husband. The degenerating effect of alcoholism is an admitted and scientific fact.

THREATENS THE INTEGRITY AND LIFE OF THE NATION.

This statement is merely a résumé and a necessary sequitur of what precedes.

The preamble is a conservative indictment of a great national curse.

If it is not a curse, why have 10 of the sovereign States of this Republic voted to cast it out as utterly unfit? Why have the good people of these States risen in their dignity and, ignoring the cry of revenue and business and personal liberty, and all the other arguments that could be presented, voted to totally prohibit the traffic within their borders? Are the people of those States deluded and crazy? Here is the roll: Maine, Kansas, Oklahoma, Tennessee, Georgia, Mississippi, North Carolina, West Virginia, North Dakota, and Virginia.

And if the indictment of the churches and the forces opposing the liquor traffic is not true, why is there such a bitter and determined fight in six other leading States to drive the traffic outside of their borders? Here is where they will vote in the pending election on this subject: Ohio, Colorado, Oregon, Washington, California, and Arizona.

If the indictment is not true, why is it that there is so much dry territory in the following States that they are known as near-prohibition States: Alabama, Arkansas, Colorado, Florida, Idaho, Indiana, Iowa, Kentucky, Louisiana, Minnesota, Nebraska, New Hampshire, South Carolina, South Dakota, Texas, and Vermont.

If the indictment is not true, why does the United States prohibit the sale of liquors to Indians and on certain islands of the Pacific? And why is the Secretary of the Navy trying to eliminate it from the mess of the officers of the Navy? Why do so many of the fraternal bodies exclude from their membership men engaged in the sale or manufacture of intoxicating liquor?

With the truth of this awful indictment before Congress, I now revert to the amendment offered by me to prohibit the manufacture and sale of intoxicating liquors in the Philippine Islands. Republicans on this floor have been freely criticizing the Democrats for not bringing out for a vote the Hobson prohibition amendment. But in this case I thought the amendment would surely meet with enough success to get a vote on the proposition for the Philippine Islands. I was met by a Republican Member with a point of order. Mr. STAFFORD, the gentleman from Milwaukee, Wis., made the point that the amendment was not germane, first, to the bill itself, and, second, to the place in the bill where I was introducing it as a new section. Those interested may read the record. It was held out of order three times when offered in three different places. The Chair had ruled that it would have been in order as a part of section 3.

The only way the amendment could then be offered to section 3 would be to obtain unanimous consent to revert to that section. This, of course, could not be obtained. Later I offered the amendment as a new section, to be known as section 30, at the end of the bill, which provided for a repeal of certain laws and the maintaining of certain other laws in force. Another distinguished gentleman in the chair ruled that the amendment was out of order in that place. There remained one opportunity to have the amendment considered, and only one. That would have to be by a motion to recommit the bill to the committee with instructions to amend the same by inserting the amendment in section 3. This motion could only be made after the committee had risen and reported the bill back to the House for final vote. Only one motion to recommit is allowed. Such motion may be amended, however. I sought opportunity to submit this motion to recommit, but the Speaker stated to me that the gentleman from Iowa [Mr. TOWNER] had first right to be recognized for that purpose. I then prepared to offer an amendment, or substitute, for the Towner motion and thereby obtain a vote on the proposition; but when Mr. TOWNER made his motion he followed it immediately with the following words: "And on that motion I move the previous question."

The effect of this was to make it out of order to offer amendments or substitutes, and although I rose in my seat and called the attention of the gentleman from Iowa to the fact that I had a substitute prepared involving the question of prohibition in the islands, still he took advantage of his right to move the previous question and prevented the amendment. Notwithstanding his motion to recommit was merely a formal motion, not involving any instructions or amendments whatever, it did not ask for an amendment to the bill, but the sole and only purpose of his motion to recommit was to prevent me or any other person from offering a motion that would propose an amendment; and in this way a vote on prohibition in the Philippines was prevented. Full credit for this feat should be given to the Republican Party and the gentleman that was representing that party on the floor, Mr. TOWNER. Of course the gentleman from Wisconsin [Mr. STAFFORD], another high-ranking Republican on this floor, made the points of order on which the amendment was ruled out of order by the Chairman. But we have here an illustration of the working of the bi-

partisan machine in this House. The Democrats have opposed a vote on the Hobson amendment and the Republicans have criticized them for it. Yet, when an opportunity is given the Republicans to permit a vote on prohibition in the Philippines, they deliberately block the way by parliamentary tactics.

Prohibition of the liquor traffic in the Philippine Islands is of the greatest importance. It is reliably stated that when the Americans took the islands the natives were not addicted to the use of intoxicating liquors to any great extent, and that the introduction of the American barroom has had a very bad effect on the inhabitants of the islands. I have a clipping from the Post of October 10, 1901, which is interesting and bears upon this subject, and which I here insert in my remarks:

BARROOMS IN MANILA—EFFORTS IN THE SENATE TO END A NATIONAL SCANDAL—WOULD REVOKE LICENSES.

The existence of American barrooms in Manila, which have flourished to such a degree that they have become a national scandal, engendered the attention of the Senate yesterday. The sentiment against these barrooms was so intense that the following proposed amendments to the Army bill were offered and are likely to be adopted:

"By Senator LODGE: The importation and sale of distilled spirits into the Philippine Islands or their dependencies, except for medical purposes or for use in the arts, under regulations to be prescribed by the commissioners of the United States, is hereby prohibited.

"By Senator GALLINGER: That all licenses heretofore granted, or that may be granted prior to the approval of this act, for the establishment of American saloons in the Philippine Archipelago, are hereby revoked and annulled, and hereafter no such licenses shall be issued."

In discussing the situation of affairs in Manila, in relation to the saloons, Senator Teller declared that the United States was cursing the people of those islands with a curse as "vicious and vile as any the Spanish ever placed upon them." It was, he said, in the power of the President and within the power of Congress to destroy Government encouragement of drinking among the soldiers of the American Army and the Filipinos. He directed attention to a statement of President Schurman, of the old Philippine Commission, to the effect that one of the most demoralizing influences taken to the Philippines by the United States was the American saloon. He said that the few thousand Americans in Manila drank more per capita than the same number of Americans anywhere.

CONDEMNED IN STRONG LANGUAGE.

"The establishment of American barrooms in Manila in the wake of our Army," said Senator LODGE, "is an evil of the worst kind, and if there is any way to have them closed I should be glad to see it done."

"It is in the power of the President," replied Mr. Teller, "to close every one of them as quickly as a telegram can reach Manila. If the President declines to do it, then it is in the power of Congress to compel it to be done. Will anybody say that it is not our duty to act promptly? Mr. Teller asserted that if the President and Congress failed to act, they would "deserve the condign contempt of the American people."

With the remark that saloons in Manila had done incalculable harm, Senator LODGE introduced the amendment to the Army bill already quoted. Senator GALLINGER quoted an Army officer as saying that the 400 or 500 saloons in Manila ought to be abolished at once, and then he introduced his amendment revoking all licenses. Senator McComas said that he would be glad to vote for any amendment still further suppressing American saloons and the sale of poisonous and native distillations. He called attention, however, to the fact that the Taft commission had already taken some steps toward restricting the sale of liquor.

LEGISLATION FOR THE PHILIPPINES.

There was very general impression both on the Republican and Democratic sides of the Senate yesterday that Senator LODGE's amendment would pass, and Senator GALLINGER's proposition to revoke all licenses also found much favor. "I would like to add an amendment prohibiting the importation of American citizens into the islands," was the remark of Senator Jones, of Arkansas. Some Senators, while they favored the purpose of the amendments, expressed doubt as to the propriety of Congress undertaking to legislate for the Philippine Islands, and this question may now be interjected into the Army bill debate. Senator Bacon said that if the President really desired to stop the excessive sale of liquor he could do so under the autocratic power with which he ruled the islands. "The same signature which approves an Army bill containing the prohibition," he said, "could to-day sign an order accomplishing the same result. The responsibility for the disgraceful condition lies with the President, not with Congress."

I also insert a clipping from the Pittsburgh Daily News of February 28, 1901, which shows that the Filipino was not entirely free from the use of a certain form of alcohol before American occupation, but the clipping is of considerable interest:

FILIPINO GIN KILLING MANY—A SERGEANT HOME FROM MANILA SAYS SOLDIERS ARE FOND OF THE NATIVE INTOXICANT AND PAY HEAVY PENALTIES FOR ITS ABUSE.

Sergt. Ausburn Wayson, of Company C, Fourteenth Infantry, which is stationed in the Philippines, passed through Pittsburgh this morning from San Francisco on his way to New Kensington to visit his brother. Sergt. Wayson has been in the Philippines over a year. Last summer he fell a victim to the fever and was confined in the hospital at Manila for several months. He was discharged last November on account of disability, and arrived at San Francisco the middle of January. Sergt. Wayson says that the liquor traffic on the islands, and especially Manila, is growing to be an extensive business, and that the natives are getting to be hard drinkers.

Continuing, he said: "Much evil will result from the introduction of American liquor into the Philippines. The natives are becoming very fond of United States liquors, and, on the other hand, our soldiers would rather drink the Filipino gin than any liquor of home manufacture. This native gin is awful stuff, and when enough is taken it will keep a man in an intoxicated condition for days. I believe that much of the sickness prevalent among the soldiers in the Philippines can be traced to the excessive use of this stuff. The surgeons have observed that a

soldier who is accustomed to drinking this gin is more susceptible to fever than the one who has not used it.

"All of the surgeons have advised the soldiers to let it alone, but many of them pay little heed to this advice. It is dangerous for a person who has been on the islands for only a short while to drink native gin. One must be thoroughly acclimated before the system will stand even a little of this liquor. It is known that a number of soldiers have become insane through the abuse of gin."

Sergt. Wayson says that the report that some of the soldiers were disabling themselves to get discharged and afterwards lay claim for a pension is true to a limited extent only.

I insert, also, another editorial taken from a newspaper of about the same date. The name of the newspaper is missing, but the facts contained in the article are of interest:

GEN. KOBBE'S PROHIBITORY LAW.

The commanding officer of the Department of Mindanao and Jolo, Brig. Gen. W. A. Kobbe, United States Army, issued, on May 30, a very comprehensive order against the liquor traffic in that department, which will go into effect on the 1st of August.

The first paragraph of the order absolutely forbids the retail sale of beer, wines, spirits, and all beverages containing alcohol, and orders the closing of all places which, under any name, sell such articles. The second paragraph permits the sale of beer and wines having less than 15 per cent of alcohol in original packages containing not less than a dozen quart bottles or two dozen pint bottles; spirits and beverages containing more than 15 per cent of alcohol may be sold at wholesale, in original packages, "only on the written order of the senior officer commanding present, who before giving such order will assure himself that neither the whole nor any part of the articles enumerated are intended for resale or to reach persons who would be likely to abuse the privilege of having them in possession."

Then follows the nub of the whole matter: "No sales will be made to Moros or to persons living in Moro communities." None of the articles mentioned is to be disposed of by gift, by sample, or otherwise than at bona fide sale, or consumed on the premises where sold. Commanding officers are to see that the order is not violated at places not occupied by troops, but large enough to attract saloon keepers; and the inspector general of the department is charged with keeping officers up to the mark.

Gen. Kobbe remarks in his order that he is receiving applications in large numbers from ex-soldiers and others for permission to open saloons, but none from trained business men, farmers, or mechanics who have come into the department to pursue their vocations.

The success or failure of this order will be of interest, both to the temperance people and to those who do not subscribe to the prohibition creed. If there is any place where prohibition can be enforced, it is within the limits of a military government. The missionaries are charged by cynics with bringing intoxicants in their train, and temperance and antiadministration papers have commented bitterly on the alleged increase of the liquor traffic in the Philippines since we assumed possession. Gen. Kobbe is in earnest, and the reason for his order, the protection of the native inhabitants, is excellent; it remains to be seen how he manages to enforce his prohibitory law.

Our island of Tutuila, one of the Samoan group of islands, has for several years had prohibition, and it is stated that the law is well enforced, and one writer states the natives are content to live without alcohol.

For many years the British Government has prohibited the sale of intoxicating liquors to the natives in all the western Pacific islands not within the limits of the colonies of Fiji, Australia, or Papua. As far back as 1888 a regulation to that effect was issued throughout the following islands: Friendly, Navigators, Union, Phoenix, Ellice, Gilbert, Solomon, New Hebrides, Santa Cruz, and so forth, in which it was declared:

If any British subject in the western Pacific sells or gives or otherwise supplies, either directly or indirectly, any native of any island or place within the western Pacific islands any intoxicating liquors, he shall, on conviction thereof, be liable to punishment as follows: (1) Imprisonment for any term not exceeding three months, with or without hard labor, and with or without a fine not exceeding £10 (\$50); or (2) a fine alone not exceeding £10 (\$50). "Native" shall mean and include in its reference every person in the western Pacific not of European descent. "Intoxicating liquors" shall include all spirituous compounds and all fermented liquor and any mixture or preparation containing any drug capable of producing intoxication.

I look upon this proposition as one of tremendous importance. There is an opportunity now in the very hands of the prohibitionists of this country to end forever the liquor traffic in the Philippine Islands. There is every reason in the world why it should be done, and I now take advantage of this opportunity to urge the prohibition newspapers of the country, the prohibition speakers and writers, the Woman's Christian Temperance Union organizations, the churches, the ministers, the antisaloon leagues, and the people generally of the United States to write letters to Senators urging upon them the necessity of placing a prohibition amendment in the Philippine bill when it is considered during the short session beginning December 7. If this proposition is forced as an issue, so that there will be a roll call on it in the Senate, there can be no reasonable doubt that the amendment will carry. I am thus stating it in this form in the hope that great publicity will be given to the facts presented, so that those who are interested may know that they have a duty to perform; and if they do not perform their duty, they should forever hold their peace when it comes to criticizing public officers for failing in their duty. Prohibition in the Philippine Islands is a matter of easy accomplishment. Will the people of the country do their part to force the issue in the United States Senate? I sincerely hope and pray that they will.

Mr. KAHN. Mr. Speaker, I yield five minutes to the gentleman from Illinois [Mr. MANN].

The SPEAKER. The gentleman from Illinois [Mr. MANN] is recognized for five minutes.

Mr. MANN. Mr. Speaker, whenever an effort is made to dispense with a useless office, the one making the effort has a rocky road to travel. A few years ago the House, thinking that there was no need of the expense of so many managers of the soldiers' homes, and really with the design largely of doing away with that method of handling the soldiers' homes, cut down the number as the offices became vacant. It looked like an easy proposition to leave a man in the office until his term expired and then vacate the office entirely and abolish it. Even that met with opposition, but it carried. I am not sure whether it was in the last Congress or the preceding Congress, though my recollection is that there was a reduction made in the last Congress by the Democratic House. But along comes the time when you want to fill some vacancies and there are not enough jobs to go round. Then what do we do? Do we cut out the gentlemen who want the jobs or increase the jobs? We increase the jobs. At different times we have heard a great deal about economy and dispensing with useless offices; but because the gentleman from Illinois wanted to go as a manager of the soldiers' home, and another gentleman from Ohio wanted to go on, and another gentleman from Indiana wanted to go on, and another gentleman from Kansas wanted to go on, and another gentleman from Maine wanted to go on, instead of appointing by resolution the number provided by law we propose to increase the number in order to take care of all these gentlemen. If some active Member of the House had desired an extra manager from the State of New York, or Maryland, or Pennsylvania, or any other State, we would have increased the number still more. The essential provision of this resolution, outside of naming these managers, is that—

Said board, after the passage of this resolution, shall be composed of seven members.

As I understand, that is an increase in the number. May I ask the gentleman from Virginia if it is?

Mr. HAY. It is an increase of two. I will state to the gentleman, however, that the board has not been decreased to five as yet, and would not have been decreased to five had it not been for the fact that one of the members of the board who would have served until 1916 has died.

Mr. MANN. The number would have been decreased to six?

Mr. HAY. Yes; it would have been decreased to six.

Mr. MANN. And finally, as the vacancies occurred, it would have been decreased to five.

Mr. HAY. Yes.

Mr. MANN. But the moment we get to the point where we could dispense with a useless office we yield our power to the Senate, and instead of dispensing with the office we enlarge the number of offices. I have reached that point in legislation where I feel there are times when we can afford to dispense with useless offices, and I know of quite a number that could be dispensed with without any loss to the interests of the Government and with a saving to the Treasury of the Government. And while it is true these managers do not receive a salary, it is also true that they receive expenses, which amount to something; and it is also true, as I believe, that the only purpose of increasing the number is to make some places for some men who want the jobs. That to me is not a sufficient reason for yielding to the Senate amendment.

I yield back the remainder of my time.

Mr. KAHN. Mr. Speaker—

Mr. HAY. Does the gentleman from California care to use any more time?

Mr. KAHN. Does the gentleman desire to use any of his time?

Mr. HAY. I do not.

Mr. KAHN. I do not desire to use any more time, Mr. Speaker.

Mr. HAY. I move to concur in the Senate amendment.

The motion was agreed to.

On motion of Mr. HAY, a motion to reconsider the last vote was laid on the table.

LEAVE TO EXTEND REMARKS.

Mr. UNDERHILL. Mr. Speaker, I rise to present a request for unanimous consent to extend remarks in the Record. On the 19th of September there was dedicated a beautiful monument at the Battleground National Cemetery near this city, and on that occasion addresses were made by two distinguished Members of this House from the State of New York, Mr. GRIFFIN and Col. GOULDEN. I ask unanimous consent to extend my remarks by the publication of their addresses.

The SPEAKER. The gentleman asks to extend his remarks by having printed the speeches of two of his colleagues on the occasion named. Is there objection?

There was no objection.

Mr. TOWNSEND. Mr. Speaker, I ask unanimous consent to print in the Record a published letter by the Speaker of this House.

The SPEAKER. The gentleman from New Jersey asks unanimous consent to print in the Record a letter written by the Speaker of the House. Is there objection?

There was no objection.

COTTON.

The SPEAKER. Under the agreement made yesterday, the gentleman from Alabama [Mr. UNDERWOOD] is recognized for one hour.

Mr. UNDERWOOD. Mr. Speaker, if it is agreeable to the gentleman from Illinois [Mr. MANN], I would like to yield 30 minutes of my time now to the gentleman from Texas [Mr. HENRY], and then have the gentleman from Illinois [Mr. MANN] consume an hour, and then yield the balance of my time to the gentleman from Alabama [Mr. HEFLIN].

Mr. MANN. The gentleman may go ahead now, and I will arrange with him afterwards.

Mr. UNDERWOOD. I yield 30 minutes of my time to the gentleman from Texas [Mr. HENRY].

The SPEAKER. The gentleman from Texas [Mr. HENRY] is recognized for 30 minutes.

Mr. HENRY. Mr. Speaker, I have risen for the purpose of discussing in the brief time allotted to me the distressing cotton situation in the Southern States, and trust that I shall utter no word here to-day that shall not be deliberate and in exact accord with the facts. It is no exaggeration to say that the condition in the Southern States is absolutely distressing. On account of the war in Europe the market for cotton has been paralyzed, and we now have no market. In a little while the purchasing power and the debt-paying power of the Southern States will be gone. Cotton is the great staple of the South. It is the great export that we send to foreign countries for the purpose of bringing gold back to our shores, and to-day distress is widespread everywhere in the cotton-growing States. In a little while the tonnage on the railroads will be so reduced that they will be embarrassed. Whenever cotton is not shipped, then the railroads immediately feel the effect, because necessarily their tonnage is greatly reduced and there will be but little commerce going out of the Southern States or coming in. While you gentlemen from the Northern and Eastern States do not yet feel the blighting effects of this prostration of the cotton market, in a short while you will understand and appreciate our dire distress. You will not be able to sell your manufactured articles to our people, for when they can not sell at least a part of this cotton crop of 1914, which is worth \$1,000,000,000, then the manufacturers of Massachusetts, Ohio, Pennsylvania, and Connecticut and all of the other States of this Union will feel the result.

The other day I had a letter from a shoe manufacturer in the State of Virginia, and he wrote me that he had already felt the effects of this terrible panic now sweeping over the South, and in a short while he would have to close his shoe factory, because the people there were not able to continue their purchases as heretofore. I shall not parade these things before the House or before the country, but, Mr. Speaker, I do say, and measure my words when saying it, that if this great Government does not come to the rescue of our people in some way, within less than 60 days the business conditions of the South will be worse than since the conclusion of the Civil War, and in my humble judgment there will be widespread bankruptcy, business disturbances, starvation, and hunger in many of the homes of our people.

Having said that much about the conditions, naturally the question arises, What is the remedy? Mr. Speaker, when I first realized the situation, I said that this great Government should come to the rescue of a third of the people of this Republic, of 30,000,000 of citizens, who are a part of this Union, and lift them from this prostrate condition. The Secretary of the Treasury could have immediately deposited in the banks of the South the public moneys that were at his disposal or that could have been placed at his disposition by the passage of adequate legislation, and, Mr. Speaker, I shall not unjustly criticize the Secretary of the Treasury. I am making no war upon him, but in this crisis now upon our people I have a right to appeal to the cold facts of history and the truthfulness of the transactions in the Treasury Department. Only to-day there was authorized to be printed in the CONGRESSIONAL RECORD a speech of the Comptroller of the Currency in regard to our fiscal

affairs. We asked the Secretary of the Treasury to deposit in the national banks, the fiscal agents of the Government, enough funds to be loaned to the producers of cotton to relieve them from their present embarrassment. We asked that those funds, the people's money, be put there upon terms and conditions that would make the money available to the men who produced the crops. Immediately the Secretary of the Treasury replied to me and said that he did not have the funds, that he did not have the power to deposit them there if he wished to do so. Let me do him exact justice. I appealed to him to deposit \$50,000,000 only in 15 Southern States. That would have been a great relief. We needed more, but his reply was that under section 5153 it would be inequitable for him to deposit the public funds in the Southern States. Let us analyze that proposition for a moment.

In this speech, which was delivered just a few days ago in the State of Indiana, the Comptroller of the Currency makes this statement. When the panic came on in New York because of the situation in Europe, this is what happened: There was great distress in New York City. Financial matters became very tight there. An appeal was made to the Secretary of the Treasury, Mr. McAdoo, and here is what Mr. Williams, the Comptroller of the Currency, stated, and I quote him exactly:

Responding promptly to urgent appeals, the Secretary of the Treasury went over to New York Sunday afternoon, August 2, and held a conference that night with a score or more of the presidents of the leading banks and trust companies of the metropolis. He heard their statements, analyzed the situation, quickly saw what was necessary to enable the banks to meet the demands upon them and to restore confidence, which had been so racked by the world-shaking events of the week.

I here omit a few lines, and he continues:

Anticipating the situation as it was laid before him at that conference, he had that Sunday morning before leaving Washington directed the shipment by express to the subtreasury in New York, for the New York banks, \$40,000,000, and the Treasury forces and the express companies at that moment were taxing their resources in hurrying the execution of the order. The announcement that the Treasury had arranged to give the New York banks a hundred millions of currency was flashed that night over the wires to every section of the country, along with the assurance that the New York City banks were prepared to honor all requests of their country bank correspondents for shipments of currency against their balances—

Omitting again a few lines—

and would accept a fair proportion of New York City notes or bonds as the basis for such currency, in order to help the bankers carry out the plan for the funding of the city's floating indebtedness, and since that time the Treasury Department has actually furnished to the New York banks \$50,000,000 of additional currency, making the total amount credited to the banks of that city since August 1 more than \$140,000,000.

Mr. GLASS. Mr. Speaker, will the gentleman allow me to submit a question?

Mr. HENRY. I can not submit to an interrogatory.

The SPEAKER. The gentleman from Texas declines to yield.

Mr. Speaker, I say, as an humble Representative of a congressional district upon the floor of this House, that if the Secretary of the Treasury had pursued the same course, had taken a lightning express train to the Southern States, and summoned the great bankers and officials at the head of the trust companies, and said to them, "You must relieve the distress of the Southern States as we relieved the situation in New York," this curse would not have been upon the South to-day.

Mr. Speaker, I announce that if the Secretary had stood up boldly, courageously, and had said to the world, to the speculators, to the banks, and to the stock gamblers and those who despoil the producers, "You can not rob the southern producers of their cotton crop at 5 and 6 cents a pound, but this great Government will come to their rescue and save this crop already produced," the condition would be different. But he has not done that.

Mr. GARNER. Will my colleague yield for a question?

Mr. HENRY. I did not yield to my other colleague, the gentleman from Virginia [Mr. GLASS], and I dislike—

Mr. GARNER. I wanted to get my colleague's exact position in reference to the Treasury Department.

Mr. HENRY. Yes.

Mr. GARNER. If I understand the gentleman's argument, the Treasury Department has not done what it should have done and ought to have done toward the South in this exigency?

Mr. HENRY. That is as true a statement as was ever made in this world.

Mr. GARNER. Has the gentleman from Texas called it to the attention of the President of the United States?

Mr. HENRY. Well, now, since the gentleman has asked that question, I will state that I have gone to the Secretary of the Treasury, I have gone to the Federal Reserve Board, I have gone to the President, and laid those matters before them and

appealed to them to save the South in its distress, and have also submitted these things in writing.

Mr. GARNER. If I understand my colleague, then he has drawn this matter to the attention of the administration, and his indictment is against the administration for not coming to the rescue of his people?

Mr. HENRY. Mr. Speaker, I am not making any criticism. I am simply discussing facts, and no living man can answer them. The President will do his duty as he sees it. But I am not through, Mr. Speaker. I want to say to the gentleman now what I intended to say a little later on, that this Congress ought not to adjourn until justice has been done to our people; and, as far as I am concerned, if I have the power to prevent it, we never shall adjourn until we have legislation on the cotton situation. [Applause.]

Mr. GLASS. May I interrupt my colleague?

Mr. HENRY. Yes; having yielded to my other colleague, I will yield this time, and then I am done.

Mr. GLASS. I desire to ask my colleague what was the nature of the \$40,000,000 currency deposited by the Secretary of the Treasury in the New York banks; and was it any different from the \$68,000,000 of currency which the Secretary of the Treasury has deposited in the southern banks? In other words, was it Government money, was it a Government deposit, or was it emergency currency that any section of the country might obtain upon application, and that the South could get, to which it is entitled to the amount of \$151,000,000 additional?

Mr. HENRY. I yielded to a question, and the gentleman is making a speech; but I will answer that question, because I believe the gentleman from Virginia, a southerner, will come to our rescue in order to help save the South from the wild orgy of bankruptcies that are now overhanging 15 Southern States.

Mr. GLASS. It is not a question of rescue that I present; it is a question of fact.

Mr. HENRY. Yes; it is a question of rescue, and I summon the gentleman to the aid of his own people, as well as the people of every State in this Union. Now, Mr. Speaker, the Comptroller of the Currency says that this was public money, the people's funds, which were taken from the Treasury and were carted over to New York City to relieve the situation there.

Mr. GLASS. Mr. Speaker—

The SPEAKER. Does the gentleman yield?

Mr. HENRY. I can not yield any further.

Mr. GLASS. Let us state the facts.

The SPEAKER. The gentleman declines to yield.

Mr. HENRY. I am stating the facts. The gentleman can reply to them.

The SPEAKER. The gentleman declines to yield.

Mr. HENRY. Now, Mr. Speaker, here goes on the statement of the other eloquent Virginian, John Skelton Williams:

For under the direction of Secretary McAdoo more than \$160,000,000 of currency has already, since August 1, with impartial hand, been distributed to the national banks in every section of the country where it has been needed, from Boston to San Francisco, and from the Great Lakes to the cities on the Gulf, helping to dispel and neutralize the poisonous fumes of distrust, alarm, and fear which had begun to manifest themselves.

Now, Mr. Speaker, when the gentleman raises the issue that the Aldrich-Vreeland Act did the work, I wish to say it has proven to be a snare, a delusion and fraud upon the rights of the people. It is true that they did issue this Aldrich-Vreeland currency to banks, allowed them to secure it practically without limit, and it is true that a lot of that currency went in the Southern States; but instead of the banks using it to relieve the distress of the cotton producers, they used it in their own business. They bundled it up and shipped it back to New York and to other money centers to pay their obligations. So I say that the Aldrich-Vreeland Act did not do the work. Furthermore, I say that if the Federal reserve act were in operation now—and I do not mean to criticize that act—we would have had the same result. These banks would hoard their funds; they would take the currency they are authorized to issue and would use it in their own business. They would ship it back to New York to pay their own obligations. You must find another way of getting these funds to the people. Mr. Speaker, here is what ought to be done: The Secretary of the Treasury ought to put the public moneys at the disposal of the Southern States. He ought to establish every national bank a depository, which he has authority to do under the law, and ought to put the public moneys there. He ought to forget the Aldrich-Vreeland Act; he ought to forget this Federal reserve act; and if he has not the public funds to relieve our distress, should come to Congress and say, "Authorize me to issue United States notes as they did during the war, possessed of all the legal qualities with which those notes are now endowed, and let them go to

the distressed people of the South." And if that authority is questionable, or if it is not sufficient, then let him sell the Panama Canal bonds and put the proceeds of those bonds in the banks of the South and relieve the situation.

Why, Mr. Speaker, here comes the Secretary of the Treasury—and I admire his patriotism, his ability, his sagacity, and all those things—with a bill that I have before me and asks that Congress appropriate \$10,000,000 to purchase ships, and in the same bill that he be authorized to sell \$30,000,000 of Panama Canal bonds in order to purchase those ships. Ah, gentlemen, would it not be better to forego the passage of that bill for just a little while and sell those \$30,000,000 of Panama Canal bonds and put the proceeds in the southern banks in order that our farmers might be relieved from this awful condition?

Am I traveling outside the record when I make those statements? I say if the Secretary of the Treasury will come here and ask Congress to give him the public funds we will pass a bill authorizing the issuance of \$250,000,000 of United States notes redeemable in gold, and we will put them in the banks of the South in less than one week, and, if that is not enough, we will authorize him to sell the Panama Canal bonds now in the Treasury, amounting to \$240,000,000, and will increase the interest from 2 and 3 per cent to 4 per cent, and then he can put the proceeds of the bonds in the banks. Ah, but they say, "You can not sell Panama Canal bonds now." Why, Mr. Speaker, think of that proposition! If we can not sell our bonds now, suppose we should happen to be drawn into the terrific conflict now going on across the Atlantic Ocean, then where would we get the money with which to finance the needs of our people in carrying on the war? We are powerless now to sell bonds to relieve our people from distress and bankruptcy; with no war in this country, at peace here between the Atlantic and Pacific Oceans, at peace with the Western Hemisphere, and yet we are met with the proposition that we can not sell bonds.

Let me go back a little further and recount some more history. We had a little flurry that was a mere morning's breeze compared with the present awful condition in the South. I refer to the panic of 1907. You all remember it. What happened? In that panic the banks of the South would not honor our checks when our money was on deposit in them. What happened? Immediately the President of the United States instructed his Secretary of the Treasury to deposit in the banks public moneys to the extent of \$245,000,000, and by the 1st day of December, in 1907, we had in the States of this Union, and most of it in the agricultural States of the South and West, \$245,000,000 of money, public funds, taken out of the Treasury of the United States and put where it could relieve the embarrassment of the people.

But the President and the Secretary did not stop there. Let me read you from the Atlanta Constitution of November 18, 1907. The headlines are to this effect:

UNCLE SAM TO THE RESCUE—\$150,000,000—WITH HIS BONDS AND NOTES.

QUICK RELIEF WILL BE GIVEN BY GOVERNMENT.

Decision to End Money Pinch Follows Conference at White House.

TO ISSUE CANAL BONDS AND TREASURY NOTES.

\$50,000,000 of Former and \$100,000,000 of Latter Necessary—The Government Will See that Money Gets to South and West, Where It Is Needed to Move Crops.

So, in addition to the \$245,000,000 that were taken from the Treasury and deposited in the banks, the Secretary of the Treasury supplemented that with an order that \$150,000,000 more should go. And they issued circulars, one to sell the Panama Canal bonds, \$50,000,000, and another to sell \$100,000,000 of certificates of indebtedness under the act of June 13, 1898. What happened? The minute the President and the Secretary said that these people must be relieved, it was not necessary to sell all the bonds and all the certificates of indebtedness bearing 3 per cent interest, but they only sold in the aggregate \$40,000,000. And the condition was relieved, and those gentlemen in New York, who had manufactured and brought on this panic without any rhyme or reason, were thwarted in their will. And I say to-day, if there is a conspiracy to sacrifice this cotton and force it upon the market at 5 to 6 cents a pound, at the price at which it is now selling in the South, this great Government should come to our rescue, as was done in 1907, and these funds should be put in the National and State banks, where the people who have produced the crop can secure them.

Ah, but some of our friends want to make this a banking proposition altogether. They say that you can not do business without the aid of the banks. I am willing to admit that banks are good institutions, that they are necessary to commerce, civilization, and business, and I undertake to say that if the Government can deposit its public funds in the vaults, to be

loaned upon the terms and conditions which the banks may fix themselves, to relieve the stock market in New York, and to relieve similar conditions, this same Government has the power to pass this statute and to fix the terms and conditions upon which these fiscal agents shall advance this money to the distressed producers of the South.

Is there anything revolutionary in that? Mr. Speaker, I decline to arraign the patriotism of the banks as some gentlemen do. I believe that those banks in the South that have already loaned their money as far as they could with safety, that have already advanced it on this crop, and for other purposes, to supply the needs of the people, would be glad to get the Government funds from Washington on any terms that the Government might fix in order that they could relieve the producers of cotton and tobacco, so that they might pay their debts and might pay the banks and the merchants, and those who had financed them in making this crop.

Now, that is the situation; and if the national banks were not willing to do it, the State banks would be glad to take this money and loan it on any terms. At first I suggested that if 10 cents a pound could be advanced, it would be all right, and we could get along. But they said, "You valorize the crop," and then I rewrote the bill, and said, "If you will advance the farmer \$30 a bale, 6 cents a pound, and give the Secretary of the Treasury plenary power to get these funds into the hands of the farmer, you can relieve the situation." But that has not been done.

Now, what is confronting us in the South? October has come on. The crop has been produced. It has cost from 8 to 10 cents a pound to raise this crop. Our people are in awful distress. They owe these debts, incurred for making the crop. They must be met, but they can not sell their cotton for any price exceeding 6 cents a pound. And, gentlemen, it will go to 4 cents. It will go below that. It will go down and down until there is absolutely no local market for it. It is a billion-dollar crop. Thirty millions of people are involved in this transaction, and yet there is no relief from this great Government. Must it be a banking transaction? They admit they have already issued over \$300,000,000 of emergency currency. It did not go where they wanted it to go. The Secretary of the Treasury boasts that under the Aldrich-Vreeland amendment a billion dollars of emergency currency could be issued. But you can issue a billion or five billions of emergency currency and it would not reach the producers of cotton as the Secretary of the Treasury wants it to reach them, never under the present system.

So you must come quickly to our relief. Something must be done in the way of legislation. We must give the Secretary of the Treasury more power. We are suffering. Let me say to you gentlemen you all love the South. We are all citizens of this great Republic and love this Republic as much as you do. But let me tell you gentlemen on that side of the aisle that to-day tenants—and three-fourths of the crop in my State is raised by tenant farmers—those tenants have abandoned their own fields, have left their crops there, have left these great white fields of cotton unpicked because they could not sell it for anything. Their wives and children are in want for meat and bread. They have gone to the neighbors who had a little cash and received pay from them for picking cotton. As long as they had employment they have gotten from their neighbors meat and bread for their families. Gentlemen, help us, and let us not adjourn this Congress until we have relieved the South, as we would be ready to relieve any other State in this Union under other circumstances. [Applause on the Democratic side.]

And further expressing my views on the several phases of this question, permit me to submit a letter addressed to the Secretary of the Treasury:

OCTOBER 2, 1914.

HON. WILLIAM G. MCADOO,

Secretary of the Treasury, Washington, D. C.

MY DEAR MR. SECRETARY: The Secretary of the Treasury can announce that within one week he will deposit in the national banks throughout the South several hundred million dollars and very largely dispel the gloom overhanging the Southern States on account of the prostrated and paralyzed cotton market. You have this indisputable right under section 5153, Revised Statutes, which gives you plenary powers.

In March, 1913, a terrible storm flood swept over the Ohio Valley. In your annual report of 1913, in the very front page, with apparent exultant pride, you recite: "The banks of that city were afraid to reopen their doors because of the temporary impairment of confidence." You further add: "The citizens' relief committee asked that a representative of the department be sent right away to see about financing our banking institutions." * * * A national bank examiner was immediately dispatched to Dayton, and within 24 hours after his arrival the department designated every national bank in Dayton as a Government depository, and announced that it would deposit in said national banks \$2,000,000 of Government funds, to be secured by State, municipal, or other local bonds acceptable to the Secretary of the Treasury. The effect of this action was to restore confidence at once. The banks

reopened their doors, and instead of the anticipated need of \$2,000,000 the Treasury was called on for only \$182,000. If you will use this example of depositing millions in a small locality like Dayton and spread out public funds in the same proportion over the entire South, you can promptly save our people from the impending disaster now upon them. A simple announcement of your intention would preserve your native land from bankruptcy. You have unquestioned authority to say to every national bank in the South: "Take cotton as security at 8 cents per pound, require the farmer's note running for six months, bearing 3 per cent interest. Do this as the fiscal agent of the Government under section 5153, Revised Statutes. The Government will at once place in your hands the public funds to finance those transactions." Thus, as you saved Dayton, Ohio, last year you can rescue 30,000,000 of people in the South.

You can deposit the money, make terms with every national bank in the South as trustee, persuade them as fiscal agents to gather in warehouse receipts on cotton and utilize those receipts as security for the loan of Government funds at a very low rate of interest, as you did when you scattered the crop funds throughout the States in 1913. You justly glory in that on page 2 of your report, and are proud that you stretched the precedents. You say: "The Secretary announced that as security for such deposits 'high-class commercial paper' would be accepted at 65 per cent of its face value," etc. You add: "This was an unprecedented step, because commercial paper had never before been accepted as security for Government deposits." And: "The moment it became known that the Government stood ready to assist, the tension was relieved, business resumed a normal aspect, and the fall movement of crops, trade, and commerce proceeded upon an easier and safer basis than for many years past."

As Secretary of the Treasury, shift the Government deposits, now about \$74,000,000, to the South, sell two hundred millions of Panama Canal bonds to those getting up gold pools for Europe and on New York City loans, and utilize our cotton as security for the Government loans, as you did "commercial paper" last year, and in one short week you can rescue the South from ruin and a wild orgy of bankruptcies soon to ensue.

If you need a little more legal authority to do this, you can win the President in an instant to help you, and the message of both the President and yourself to Congress can strengthen and free your hands in an hour to do just as you please to find a way to save a billion-dollar cotton crop. Aye, if you wish it and will say the word, we can instantly add to those Government deposits and the proceeds from the Panama Canal bonds combined \$200,000,000 more by the issuance of United States notes.

It is with you, Congress can provide the additional funds when you and the President say go forward, and we can authorize you in a few brief words to use our cotton this year as security instead of bonds and commercial paper, as you did last year, and the glorious deed is done. Will our Secretary of the Treasury rise to the occasion? You can.

Please let me have your attitude on these points at the earliest practicable moment, as it will determine my official conduct as a Representative in Congress.

With cordial regards, I am,
Sincerely, yours,

R. L. HENRY.

OCTOBER 12, 1914.

Hon. WILLIAM G. McADOO,

Secretary of the Treasury, Washington, D. C.

MY DEAR MR. SECRETARY: I beg to acknowledge receipt of your letter of October 9.

First. In reply I still insist that you have the indisputable right under section 5153, Revised Statutes, to deposit public moneys in the national banks throughout the South in any manner you may deem "equitable" to the extent of the funds in your hands or that may be supplied by congressional action. It would not, under the present law, be "inequitable" for you to deposit in the national banks of the cotton and tobacco States \$50,000,000 of the \$74,000,000 now due the Treasury.

You deposited \$50,000,000 for crop-moving purposes in the agricultural States last year and with justifiable pride flaunted the fact in the faces of the New York bankers, coupled with the statement that if said New York bankers menaced the money market you would cause \$500,000,000 additional under the Aldrich-Vreeland Act to be taken out by the banks in the Southern States to thwart the menaces of the bankers in money centers. You were right then, and you would be right again to pursue the same course even if you had to use the just and influential prestige of your high office to induce Congress to furnish you with all the public moneys you need for the present crisis, which far surpasses our difficulties last year.

I still maintain that if you will announce to the world in a ringing proclamation that as Secretary of the Treasury you propose to use the public moneys on hand and to be secured by prompt and adequate legislation, to the extent of any number of millions of dollars necessary for the purpose of saving our cotton crop from sacrifice, you will avert the calamity now overhanging the South from the paralyzed market. Such an announcement by you and the President of the Republic will set at naught the greed and defiance of the spinners, bankers, and speculators in cotton. It will instantly revive our prostrated market throughout the earth.

Second. You assert your disinclination to sell Panama Canal bonds or to issue additional United States notes. You doubt that you can sell Panama Canal bonds. Permit me to remind you that I now have in my hands a special rule to bring up for consideration the Alexander bill, "to purchase, construct, equip, maintain, and operate merchant vessels in the foreign trade of the United States," etc. And you not only request the immediate appropriation of \$10,000,000 from the Treasury but, in addition, provide that you be allowed to call into requisition the acts authorizing Panama Canal bonds, and that you be empowered to "issue and sell or use for such purchase or construction" any of those bonds now available "to a total amount not to exceed \$30,000,000." It will convince you, as well as the simplest mind, to merely state that if you can find purchasers of those bonds for the purchase of the Government merchant ships you can easily sell the same bonds to save our cotton crop already produced, and thus avert the impending bankruptcy hanging over the 30,000,000 people in the South. The President and yourself have asked Congress to pass this ship-purchase bill. Hence I maintain that if you will come to Congress and urge that you be given power to sell Panama Canal bonds at a higher rate of interest, if necessary, and to issue "United States notes" in sufficient amounts to be deposited as "public moneys" in the banks of the South to save our cotton crop, already grown, in this temporary war crisis brought on by the appalling conditions in Europe, you

will find a quick response on our part. Will you do this to save our southern people through this feasible and perfectly constitutional plan? My deliberate judgment is again reiterated that you should not hesitate a moment.

Third. You further say, "Since the 1st of August there has been issued to the national banks in the Southern States, including Missouri and Maryland, \$68,000,000 of additional bank currency. The national banks in those States may, by complying with the law, receive \$151,443,000 of additional national bank currency." Then, after taking note of certain public deposits already in those States and additional national bank circulation issued since the beginning of the European war, you add: "And there is available to the national banks in the Southern States, upon their compliance with the law, additional national bank currency amounting in the aggregate to \$151,000,000."

Again, permit me to suggest that all this "additional currency" has not reached the distressed cotton producer. You will instantly recall that you have just finished a brave fight against the banks for "hoarding" their currency and unjustly monopolizing it and preventing it from going into the hands of the farmers. You have admitted, and must again admit, that a very small per cent of this additional money reached the farmers. Hence it failed in its purpose. The banks "hoarded" it, and by defying your ambition to get it into the possession of the farmers diverted it from the intended course and used it in their own business. So even you are brought by logic and fact to the conviction that the Aldrich-Vreeland Act in this emergency has proved to be nothing less than a huge farce and comes dangerously near being a fraud on the rights of the people and the Government.

Fourth. Again you say, "Moreover, existing law authorizes the Secretary of the Treasury, in his discretion, to issue more than \$1,000,000,000 of currency to the national banks throughout the country." * * * I am firmly convinced that neither additional nor unlimited issues of paper money will help the cotton planter. I am equally convinced that the inevitable inflation which such issues would cause would hurt him and hurt the country.

Permit me to redirect your attention to the fact that you charged several weeks ago that banks were "hoarding" this currency. You have been powerless under the present law to get it to those in distress and into the real hands for whom you intended it throughout the South. You know that much of it was shipped back to the money centers to liquidate debts there. It is quite evident that under our present law the banks seem to have the power to expand and contract the currency at their will, to fix prices, depress and inflate values, affect wages and all property; and yet with all this "inflation" pointed out in your letter to me the money has not reached the people in localities where it is to-day needed. Something is wrong with the law or system in this crisis, or you would have been able with your known courage and ability to drive some of this vast amount of boasted new currency into the hands of the cotton and tobacco farmers.

Undoubtedly you need help from Congress, and you should come and aid those of us in that body ambitious to do this work right, in order to secure "public moneys," that will certainly go into the depositories of the South, to become absolutely available to the farmers upon fixed conditions.

Yes; I think and deliberately reassert that you must issue Treasury notes or sell Panama Canal bonds or other bonds, or both, in order to get the money into the hands of the producers, through the instrumentality of the banks as fiscal agents, at a low rate of interest, upon terms and conditions fixed by law. If you do not do this, the banks will continue to defy and thwart your will; and you must agree they have been doing that for more than 60 days.

Fifth. Finally you present this point to me: "Is it wise to issue \$400,000,000 of Government bonds and greenbacks merely to lend on cotton? Tobacco, naval stores, copper, silver, lumber, and other things have been hurt by the European war. All have applied to the Treasury for relief. If we disregard every suffering interest except cotton and make it the sole beneficiary of governmental favor, what becomes of the Democratic principle, 'Equal rights for all, special privileges for none'?"

You must allow me here to mention the "direct loan" of \$1,400,000 you recently found and inspired for Tennessee. Perhaps I can afford to call it a "directed loan," and solve the very slender doubt in your favor, inasmuch as the papers indicated that you "directed" Senator Lea and Secretary Sneed to the National Park Bank, of New York City, where they could find \$1,400,000 available to take up the notes of the State of Tennessee after you had lodged in the hands of that bank the sum of \$400,000 of "public moneys." Besides other deposits going before this, so that these gentlemen would not find themselves at the end of a false rainbow when they walked through the doors of that bank and into its vaults. In old-fashioned parlance, those gentlemen, in their quest of funds for distressed Tennessee, through the good offices of almost magical financiering, "found the gold at the end of the rainbow." It was not a rainbow of hope, but one of reality. I see nothing wrong or dishonorable in this loan, so efficiently directed by you according to newspaper accounts now in my hand, coupled with your letter to Maj. E. B. Stahlman.

But, Mr. Secretary, you can never convince any reasonable intellect that there is the slightest difference between the principle of that "directed loan" to Tennessee and a direct—or directed—loan through the banks of the South, as fiscal agents of the Government, to the farmer on his cotton or tobacco, at a reasonable rate of interest, of public moneys, in accordance with conditions fixed by law. The Government has as much right to fix the conditions upon which it loans its public moneys as it has to authorize the banks to loan the same funds upon conditions to be fixed by the banks themselves. There is no chance for the Government to lose a penny on cotton and tobacco. They are produced, and will be in warehouses. The principle is the same, and since you have aided in exercising it for Tennessee to save her credit you can not dispute it with the farmers of the South when they beseech you to save their purchasing power and debt-paying power through the same means.

Hence my course is fixed, and I shall go forward and contend for legislation treating the farmers of the South as we have done with Tennessee, with the Dayton banks during the great flood in Ohio, and as was done in New York during 1907, when over \$40,000,000 of public moneys were deposited with the banks to relieve the stock market and finance the needs of Wall Street speculators.

Our need is overshadowing and pressing. You should join us and help to get legislation to sell the Panama Canal bonds and issue United States notes. Restrain the banks, hold them in leash, and prevent their further inflation of the currency, which is not reaching the farmers this year.

With cordial regards, I am,
Sincerely, yours,

R. L. HENRY.

Mr. MANN. Mr. Speaker, I yield to the gentleman from Wisconsin [Mr. Esch] such time as he may desire.

The SPEAKER. The gentleman from Wisconsin [Mr. Esch] is recognized.

Mr. ESCH. Mr. Speaker, the consideration of this bill under pressure of a special message delivered recently to both Houses emphasizes the difference in method and of limitations in framing revenue laws and appropriating the moneys derived thereunder. Before the days of the income tax Congress knew beforehand that the money required to run the Government was derived from customs duties, internal revenue, and miscellaneous receipts, and therefore limited its appropriations accordingly, cutting the garment to suit the cloth. Accuracy in estimating the income from these sources from year to year and fear of a deficit enabled Republican Congresses for 16 years to keep the Government on an even financial keel. During all these years the revenues were abundant, without need of the issuance of bonds at high rates of interest to maintain the gold reserve, as in Cleveland's time, or imposition of direct taxes in time of peace.

With the enactment, however, of the Underwood tariff-revenue measure, confessedly reducing customs duties, as estimated by its author, by forty millions for the first year of its operation, and with its individual income-tax provisions yielding less than half the revenue estimated, this Democratic Congress has been heading for the rocks upon an uncharted sea.

The stern limitations which restrained Republican Congresses in making appropriations so as to keep them within the Government's receipts, accurately estimated in advance, no longer control. On the contrary, this Congress in its joy ride of extravagance based its appropriations upon expectations as to income and not upon accurate estimates. Its expectations as to the amount of reduction of customs duties resulting from the new tariff were found to be too low, and its expectations of the amount to be derived from the individual income tax proved to be too high. The Democratic Party, in thus trying to run the Government by guess, has run it into financial straits, and this, too, uninfluenced by the war in Europe.

THE WAR IN EUROPE.

The President in his special message of September 4, referring to the reduction in customs duties of over ten millions for the month of August as compared with August of 1913, and a probable falling off of from sixty to one hundred millions for the current fiscal year, declared as follows:

I need not tell you to what this falling off is due. It is due in chief part not to the reductions recently made in the customs duties, but to the great decrease in importations, and that is due to the extraordinary extent of the industrial area affected by the present war in Europe.

The President drew too broad a deduction from the falling off of the customs duties for the month of August, a falling off which can no doubt be largely attributed to the sudden upheaval in Europe, temporarily cutting off commercial relations with the belligerent area, but his alarm is not fully justified, in view of the fact that after a momentary shock and the reestablishment of "lanes of commerce" with England, France, and neutral European countries there has been a steady increase of importations week by week, the importations at the port of New York for the week ending September 12, of \$16,930,576, being only \$2,000,000 less than for the week ending August 1, the date when hostilities actually began. Conceding that the war now in progress, by depriving us of customs duties from goods which otherwise would be imported from Germany and Austria and from the allied powers, because of their lessened production, the loss is not likely to be as great as indicated by the President's message, and certainly not enough to justify Congress in levying war taxes to the extent of over one hundred millions in time of peace.

GENERAL FUND IN THE TREASURY.

On October 9 of this year there was a balance in the general fund of \$102,776,123.93, as compared with \$165,960,984.79 at the close of the fiscal year ending June 30, 1913, when Republican tariff laws were still in force. Notwithstanding this reduction of over \$63,000,000 in the last 15 months, there are sufficient funds to run the Government if economically administered. But the President argues that as some \$75,000,000 of this present general-fund balance are deposited in national banks, subject to call, their withdrawal at this time would bring about "probable consequences of inconvenience and distress and confusion," that therefore direct taxes of over one hundred millions must now be levied. We do not believe that this is the only alternative.

This vast sum asked to be raised will not come into the Treasury at once, but gradually, as the business taxed can develop it, and on the average of some eight millions a month. This being true, would inconvenience, distress, and confusion come to the

banks and to business if the Secretary of the Treasury withdrew these \$75,000,000 now deposited with the banks at the rate of \$8,000,000 per month? With deposits of over six billions, with over three hundred and fifty millions of asset currency already issued under the much maligned, but now much needed, Vreeland-Aldrich act, and many millions more issuable, with enlarged powers of rediscounting possible under the Federal reserve act, now about to be put in operation, is there anyone who believes that our national banks will be seriously affected by the gradual withdrawal in the course of an entire year of only \$75,000,000?

Why should not the Government be able to withdraw its own money—the people's money—to meet its own needs? Why should the people be taxed over one hundred millions in order that the banks may draw interest at the rate of 8 per cent and over on seventy-five millions, for the use of which the Government gets but 2 per cent? The withdrawal of these funds from the banks would not withdraw them from circulation, for the Government would immediately disburse them and they would again enter the channels of trade and business and ultimately again into the banks. When the average business man has a deposit in the bank he draws it out to pay his debts or to meet current expenses, or if he has no deposit he borrows the money, but he never would think of taxing his customers.

ANOTHER ALTERNATIVE.

There is another alternative which the President might have employed to meet what he considers the present grave financial crisis, an alternative which the Spanish War revenue act of 1898 gives the Secretary of the Treasury in just such an emergency as the present of borrowing money at not exceeding 3 per cent per annum on short-time certificates running not to exceed one year, and in denominations of \$50 or multiples thereof. The President is opposed to this alternative, asserting that we ought not to borrow, as doing so would make an untimely and unjustifiable demand on the money market and increase the present embarrassment.

I am not impressed with his objection. If these short-time certificates of low denomination were offered for public subscription, they would be largely taken up by our people, and with little or no withdrawal of funds from the banks. Certainly, a Nation with a per capita circulation on October 1 of \$37.15 and general stock of money of over four billions, ought to be able to absorb the small sum of \$8,000,000 a month without danger to the money market. But the money so raised, as I have already stated, would not be permanently withdrawn, but would at once be disbursed and, entering the channels of business, would soon return to the banks. Would not the payment by thousands of our people of over one hundred millions in a single year of direct taxes be just as much an embarrassment to the money market as to raise the same amount by gradual sale of short-time certificates, under the act of 1898, or the gradual withdrawal from the national banks of the seventy-five millions belonging to the Government?

THE WAR AN ANCHOR OF HOPE FOR DEMOCRATS.

The falling off of customs duties since the Underwood bill became fully operative, as shown by decreased exports and decreased customs duties, notwithstanding increased imports, had become more manifest with each succeeding month prior to the outbreak of hostilities on August 1. This decrease, therefore, could not in any way be attributed to the war, but was the logical effect, as predicted by Republicans, of a bill which when being considered in the House was declared by its author to have nothing of protection in it, but was one for revenue only. With falling revenues and increased and increasing expenditures, relief for the Treasury was a matter of time. The sudden outbreak on the 1st of August, involving most of Europe, was providential for the Democratic administration. The greatest war in all history was to be turned to political advantage and all our financial ills attributed to it. Emergency legislation in the form of burdensome direct taxes was to be put through under gag rule to replenish the Treasury. War beyond our borders, and not ill-advised legislation here at home, was to be charged with the responsibility for our present state.

I do not believe our people can be so easily deceived. They had seen too many evidences of the disastrous effects of the Underwood and other bills in paralyzing business, reducing wages, increasing unemployment, and lessening confidence prior to the opening of hostilities in Europe to believe that this war was solely or even largely the cause of all our woe. A few statistics will be conclusive. The excess of exports over imports for the fiscal year ending June 30, 1913, was almost \$653,000,000, while for the last fiscal year, ending June 30, 1914, it was only \$470,457,375, notwithstanding the fact that the Payne tariff rates were operative from June 30 to October 4,

1913, and decreases on wool and woollens and on sugar did not go into effect until some months later. The record for the first seven months of this year is as follows:

Excess of exports:	
January.....	\$49,323,680
February.....	25,875,369
March.....	4,943,930
Excess of imports:	
April.....	11,339,544
May.....	3,476,896
June.....	654,522
July.....	6,462,233

In other words, the excess of exports over imports, or balance of trade in our favor, during the first seven months of this year was only a little over fifty-nine millions, as compared with a balance in our favor for the first seven months of 1913 of over three hundred and eight millions. The war, by stimulating the exportations of foodstuffs and war material will, during the last five months of this year, check further decline and may considerably increase our balance, but these are abnormal and temporary influences, and the fact remains that during April, May, June, and July, and prior to the outbreak of war the tide of an excess of imports had set in, and accounted for large recent exportations of our gold to Europe.

Were this increase of importations during the first seven months of this year largely of crude materials for use by our manufacturers in making finished products, we might have less cause for apprehension, but the statistics show that of manufactures ready for consumption and upon which no American labor need be employed before use by our consumers there were almost \$40,000,000 worth more imported than during the like period of 1913. That means that our own labor was deprived of the wages it could have earned had this excess of manufactured goods been made here.

Not only has labor been deprived of the opportunity of making the goods and earning the wages it is entitled to, but capital has been discouraged from enlarging plants, making new investments, and protecting itself and its workmen against foreign competition. Prior to and immediately following the passage of the Underwood bill many industries, in their efforts to adjust themselves to the new conditions, were compelled to reduce wages, the number of their employees, and their output. The administration, through the Secretary of Commerce and the author of the bill, declared that investigation at Government expense would be made of every such reduction claimed by business men to be necessary because of the new tariff, and if in the opinion of highly paid Government experts outside of the civil service their claims were unjustified they would be hung "high as Haman." Notwithstanding the activity of these experts, there have been no hangings to date. Adverse trade balances, lessened revenues of common carriers and most lines of business, lessened savings banks deposits, lessened wages because of reduction of orders and of output were the overwhelming and incontestable testimony which prevented verdicts of hanging.

INCREASE OF IMPORTS BRING LESS INCOME.

Not only had our imports during the first seven months of this year increased and during the last four months of this period exceeded our exports, throwing the balance of trade against us, but because of the reduction of the rates to a free trade or revenue basis the duties collected were less than for the corresponding period of 1913, when the Payne rates were in operation, by the sum of \$23,360,549.39. This means but one thing—that we were permitting foreigners to import more manufactured goods which our own labor and industry could produce, while at the same time depriving the Federal Treasury of millions of dollars.

In other words, the foreigner got our money, we got his goods, but the Treasury lost the revenue, and all this without a reduction in the cost of living. Had adequate protective rates been adopted, or had even the rates of the Payne bill, defective as many of them were, been collected at our customhouses, the general fund in the Treasury would not be as depleted as it is now and there would have been no need, because of the present crisis in Europe, to burden the people with over one hundred millions in direct taxes. No amount of "whetting of wits" by our manufacturers, as recommended by the President, has yet enabled them to conquer the markets of the world. Up to the present, under the restrictions and handicaps to which they have been subjected during the last 12 months, they have been unable to even regain the home market to which they are entitled, but from which they have in many instances been driven by the competition of cheaper foreign products.

THE FARMER ALSO HIT.

The Democratic Party chiefly won success in 1912 because of its promise to reduce the cost of living. In its platform of that year it charged high cost of living to the protective tariff and

the trusts and monopolies which such tariff fostered. To make good its promise it placed many of the agricultural products of the North and West upon the free list and materially reduced others. The argument used with the farmers, and one, I regret to say, many accepted, was that the protective tariff which the Republican Party had consistently maintained on products of the farm was of no benefit to them; that as we were exporters of such products there was no need of protection, and importations from other countries would have no effect. To show the enormous increase of importations of farm products during the nine months ending June 30, 1914, under the Underwood bill, as compared with the importations for the corresponding fiscal year under the Payne bill, ending June 30, 1913, I submit the following instructive table:

Articles.	9 months ending June 30, 1913, under Republican tariff.	9 months ending June 30, 1914, under Democratic tariff.	Extent of increase, number of times.
Fresh beef, veal, mutton, lamb, and pork.....pounds..	4,329,897	183,618,694	45
Butter and substitutes.....do.	980,622	7,390,147	8
Cream.....gallons..	784,092	1,100,518	1
Eggs.....dozen..	1,099,534	5,832,725	5
Wheat.....bushels..	472,385	1,971,367	5
Corn.....do.....	284,733	11,843,193	50
Oats.....do.....	79,936	22,276,137	280
Barley.....do.....	4,399	338,714	85
Cattle.....number..	366,022	725,584	2
Sheep.....do.....	13,300	220,809	16
Potatoes.....bushels..	308,940	3,572,493	11

Excess in value of these importations under the Democratic tariff law, \$48,186,728.

With such vast increases of importations there could be but one result—that our northwestern and border farmers got less for the output of their farms than they were entitled to and less than they would have received had not the duties been greatly reduced or entirely removed. At the same time the lessened prices paid to the farmers resulted in little or no reduction to the ultimate consumers, as, in so many other instances, the difference inured to the advantage of the carriers and middlemen. The fiftyfold increase in the importation of corn, principally from Argentina, inured to the benefit of the Corn Products Co. and the Whisky Trust.

It seems strange that the Underwood bill should free list the products of the farms of the North but retain a tariff on those of the South. Why should there be a tariff on peanuts and none on potatoes; a tariff on angora wool grown in Texas and none on wool grown in the North; a tariff on rice and none on corn; a tariff on wheat sacks and none on cotton bagging?

On top of such withdrawal of protection and such sectional discriminations the farmer is called upon by the pending bill to pay a considerable sum in direct taxes. He will not warm up to the proposition, but will resent the imposition of such taxes. Already he is dissatisfied with the party in power because of its failure to fulfill its promises to him. In their platform of 1912 the Democrats promised him legislation providing for farm credits, which the platform stated was of equal importance with currency reform. Notwithstanding a commission spent much time and money investigating the systems of farm credits abroad, notwithstanding much testimony was taken and many hearings and conferences were had and bills based thereon were reported, no action has as yet been taken and none is likely during this Congress. Either the President has not yet made up his mind or his mind is not in accord with that of his party in Congress.

Another promise the Democrats made the farmers was "national aid to State and local authorities in the construction and maintenance of post roads." While the House passed a bill appropriating \$25,000,000 for this purpose, the bill slumbers in the pigeonhole of a Senate committee; and there is no prospect of road legislation in this Congress.

While some good laws in aid of agriculture have been passed by this Congress, the two measures in which the farmers are most vitally interested and the enactment of which were specifically promised have failed to pass. This Democratic Congress could not find the time to pass these measures, but it not only found the time but manifested the greatest eagerness to pass bills to appropriate thirty millions for the purchase of merchant ships and fifty-three millions for a "pork-barrel" river and harbor bill.

DEMOCRATIC EXTRAVAGANCE.

Had the present Congress exercised reasonable economy in framing the appropriation and other bills, the President could have had no excuse to ask the imposition of over one hundred

millions of direct taxes. The President can not escape blame for the unheard-of extravagance of his administration. In none of his messages to Congress has he impressed it with the necessity of heaving appropriations to the bone and of keeping expenditures within the income of the Government. Both he and his party seemed to have forgotten this pledge of their platform:

We denounce the profligate waste of the money wrung from the people by oppressive taxation through the lavish appropriations of the recent Republican Congresses, which have kept taxes high and reduced the purchasing power of the people's toil. We demand a return to that simplicity and economy which befits a democratic government and a reduction in the number of useless offices, the salaries of which drain the substance of the people.

In the light of what has happened in the last 18 months this part of the platform, to use the words of the President, must have been "molasses with which to catch flies."

The appropriations of this session exceed those of the last Republican Congress, excluding from both the rivers and harbors bill, by about \$100,000,000, and this, too, notwithstanding the appropriation this year for pensions, owing to the increasing death rate among veterans of the Civil War, was eleven millions, and that for the construction of the Panama Canal, owing to the conclusion of that great work, was fourteen millions less than even those of the last fiscal year. What becomes of the charge of "profligate waste" by Republican Congresses in the light of these figures?

The Democratic platform "demands a reduction in the number of useless offices, the salaries of which drain the substance of the people," and here, in the words of the gentleman from Massachusetts [Mr. GILLET], are some of the instances showing how they observed the letter and spirit of this covenant with the people:

The new banking law creates five new offices with salaries of \$12,000 each and increases the salary of the Comptroller of the Currency from \$5,000, at which sum it had remained for 50 years, to \$12,000 per annum.

The new Trade Commission act creates five commissioners at \$10,000 each and a secretary at \$5,000.

A new board of appeals, consisting of three members at \$4,000 each, is created in the office of the Secretary of the Interior.

For commercial attachés, to be appointed by and compensated at such salaries as the Secretary of Commerce may fix, and a clerk for each at \$1,500, and for traveling expenses, the sum of \$100,000 is appropriated for a year.

The salary of the private secretary to the Secretary of the Treasury is increased from \$2,500 to \$3,000, which means that the private secretaries of the other nine Cabinet officers must also be increased from \$2,500 to \$3,000.

A chief of division created less than a year ago under the income-tax law is increased from \$2,500 to \$3,500.

Six Assistant Attorneys General in the Department of Justice have their salaries increased from \$5,000 to \$7,500.

The salary of the assistant to the Attorney General was increased during the extra session on an urgent deficiency bill from \$7,000 to \$9,000.

The salaries of our diplomatic representatives to Argentina, Chile, and Spain were raised from \$12,000 to \$17,500 each per annum, and the three secretaries of the legations to these countries are increased from \$2,625 to \$3,000 each.

The mission to Paraguay and Uruguay is divided and a new minister authorized with a new salary of \$10,000.

The only way to effect economy is to economize. Platform platitudes and campaign oratory are of no avail and will not satisfy taxpayers when the bills are presented for payment. The time for thoughtful consideration is before the bills are incurred. Better hit a slower gait than end a joy ride with disaster. In times when private business is compelled to exercise the strictest economy in order to survive the Government should be the last to set an example of unbridled extravagance. In the recent decision of the Interstate Commerce Commission in the advance-rate cases the railroads were told to economize and their net earnings would increase. Why does not the administration take this advice to heart? Why seek to crowd through a river and harbor bill against the strenuous and prolonged protests of Republicans in House and Senate, carrying fifty-three millions in cash and forty millions in continuing appropriations, when there was "a depleted and depleting Treasury"? Republicans saved Democracy against itself by reducing these amounts to a bare \$20,000,000, and should receive the commendation of a grateful people. The Republicans paved the way for "a return to that simplicity and economy which befits a democratic government," but Democracy refused to follow.

A few voices from the Democratic side were raised in vain efforts to stem the ever-rising tide of extravagance and "profligate waste." The gentleman from New York [Mr. FITZGERALD], chairman of the Committee on Appropriations, on April 10 last, thus chided his recreant brethren:

Whenever I think of the horrible mess I shall be called upon to present to the country on behalf of the Democratic Party I am tempted to quit my place. I am looking now at Democrats who seem to take amusement in soliciting votes on the floor of this House to overturn the Committee on Appropriations in its efforts to carry out the pledges of the Democratic platform. They seem to take it to be a huge joke not to obey their platform and to live up to the promises they made to the people. * * * My colleagues upon this floor seem either to be so

indifferent to a very perilous situation for our party, or else, which I do not wish to believe, have so far forsaken Democratic practices and Democratic principles as not to deserve to continue in control of this Government.

Not only have the Democrats been guilty of gross extravagance, as thus admitted by one of their most distinguished floor leaders, but they have shown their customary inaptitude for the conduct of public business. When Democrats had control of Congress in Cleveland's time they failed to pass the appropriation bills until after the date they should have gone into effect. During the 16 years the Republicans were in power such delay never happened. During these last 3 years, with the Democrats in a majority in the House and with full responsibility for the passage of these bills, they never passed all of them before the commencement of the fiscal year for which the appropriations were made. This slothful conduct is indefensible and leads to waste and confusion.

CIVIL SERVICE UNDERMINED.

Not only has there been delay and extravagance in the matter of making appropriations, but grave assaults have been made during this Congress upon the spirit and letter of the civil-service law—a law designed to promote efficiency by insuring stability in office of the servants of the Government. So eager were our opponents to secure patronage that many offices, such as deputy revenue collectors, deputy marshals, assistant postmasters, and others, were taken from under the protection of this law to give opportunity for partisan appointments. In addition, new offices created by new legislation, with a pay roll of \$4,000,000 per annum, were not placed in the classified service, but were left purely political.

When it was found that the individual income tax yielded less than half the amount estimated by the Treasury Department, its officials charged this failure to tax dodging, and at once asked for an appropriation, amounting to thousands of dollars, for tax ferrets, thus providing many lucrative and desirable appointments for those who had borne the heat of the day in political campaigns. With the widespread depression in business in no way attributable to the war, with passing of dividends and increasing receiverships, I predict that even with the aid of these officials the income taxes collected for the year 1914 will be less than those collected for 1913.

THE WAR TAX.

Taxation by way of stamp duties, such as proposed in the pending bill, has been resorted to during periods of crisis in our history. This bill is in large part a verbatim copy of the war-tax bill enacted in 1898 to meet the extraordinary expenses caused by the War with Spain. That was a Republican measure, and our opponents compliment us by adopting a plan of taxation which we in the hour of need found efficacious. But the circumstances now are very different from those which existed in 1898. Then we had an army of some 300,000 men to equip and place in the field. We were short of munitions of war, of uniforms, of medical and commissary supplies. All these had to be provided without delay, for we were at war by land and sea. Even under the pressure of such a crisis, when patriotism spurred men on to support their Government, the cry of opposition was heard. Our distinguished Speaker, Mr. CLARK, spoke and voted against the war-revenue bill of 1898, and the present leader of the majority, Mr. UNDERWOOD, bitterly assailed the bill, saying:

This tax will fall almost entirely on the hard-working and industrious artisans, merchants, mechanics, farmers, and professional men of the country, but not on idle wealth that is protected but never made to pay for the benefits received.

I know its features are partisan and unjust; they will oppress the masses of the people; they are unnecessary, and the same amount of revenue could be raised from sources that would equalize the burdens of taxation and not be felt by the people.

Now, with absolute peace within our own borders, and with neither war nor the rumors of war to frighten us, the same distinguished leader himself frames and introduces an almost identical bill, and appeals to Congress and the country to support him in his effort. His party, with only two or three exceptions, voted solidly in the House against the act of 1898 and withstood all appeals to patriotism. Now, the Republicans in the House, with like unanimity, voted against the present bill, not from any want of patriotism but because there are still a hundred million dollars in the general fund of the Treasury, three-fourths of which fund is deposited in favored banks, most of these banks being located in the South, and, further, because many of the funds appropriated by this more than billion-dollar session need not be all expended by department heads and subordinates before the expiration of this fiscal year, on June 30, 1915. Because Congress appropriates a hundred thousand dollars for a given purpose it does not thereby compel the department for whose benefit and upon whose request this sum

was granted to spend the full amount. In many instances prudence and the exercise of a wise economy would dictate the expenditure of a less amount. If this principle were kept constantly in mind and enforced there would be no need of war taxes for months to come, and perhaps not at all, on account of the disturbance of commercial relations due to the conflict now raging in Europe. During all the years of Republican control a full Treasury was maintained, and that, too, notwithstanding the fact that during the last 10 years there was paid out of it, without bond issues, two hundred millions for the construction of the Panama Canal.

I am as sensitive to the demands of patriotism as any Member of this House, but with me sense and sanity fix the limitations within which I manifest it. Believing that at this time of general depression, when taxes are high "and the purchasing power of the people's toll is reduced," in the words of the Baltimore platform, I believe it is ill advised to still further burden the masses. I am all the more convinced of the rectitude of my position because of the necessity of reducing and not of increasing the cost of living.

Is there anyone who can successfully contend that the levy of over \$100,000,000 by stamp duties and other means, as provided in the pending bill, will not increase the cost of living? This bill touches not merely the rich, but the thousands in moderate circumstances and thousands more who are poor. At a time when the cost of living is higher than ever before, what hypocrisy is there in the Democratic pledge to reduce this cost by levying taxes which will inevitably increase it! I do not envy Democracy its present plight. None are so blind as those who will not see. Verily, the ass is proving too weak to carry the load of government. The elephant will soon be called to take his place.

As indicating the general opposition to the pending bill, even among Democrats, I wish to read a resolution adopted September 26 by the Democratic county committee of Dane County, in my State. This county is the second largest in the State, and contains the city of Madison, our State capital. It is as follows:

We commend the action of those Members of Congress who favor reduction of expenses, thus obviating the necessity of a special war tax. We deprecate a war tax at this time, believing that provision could be made for any deficiency which might occur by drastic reductions in the appropriation acts and in general retrenchment of governmental expenses.

I am confident this resolution declares the sentiment of thousands of Democrats throughout the country, and the congressional elections on November 3 will give a fitting opportunity for its expression.

WHAT THE WAR TAX TAXES.

This bill as it passed the House is estimated to raise \$105,000,000 in taxes, distributed as follows:

On fermented liquors.....	\$32,500,000
Wines.....	6,000,000
Gasoline, etc.....	20,000,000
Special taxes.....	16,500,000
Stamp taxes.....	30,000,000

In order to clearly indicate the amount and character of these taxes, the following schedule is taken from the report of Mr. UNDERWOOD:

STAMP TAXES.

Articles upon which a stamp tax is levied and the rate of tax.

Bonds, debentures, or certificates of indebtedness, etc., for each \$100.....	\$0.05
Certificates of stock, original issue, for each \$100.....	.05
Certificates of stock, transfers, for each \$100.....	.02
Sales of products at exchanges, for each \$100.....	.01
Promissory notes, for each \$100.....	.02
Express receipts.....	.01
Freight receipts or domestic bills of lading.....	.01
Bonds of indemnity and bonds not otherwise specified.....	.50
Certificate of profits, for each \$100.....	.02
Certificate of damage.....	.25
Certificates not otherwise specified.....	.10
Broker's contract.....	.10
Conveyances, exceeding \$100, for each \$500.....	.50
Entry of goods at customhouse (according to value).....	.25-\$1.00
Entry for withdrawal of goods from customs bonded warehouse.....	.50
Insurance:	
Life, on each \$100 of the amount insured.....	.08
Marine, inland, and fire, on each \$1 of premium charged.....	.01
Casualty, fidelity, and guaranty, on each \$1 of premium charged.....	.01
Mortgages and conveyance in trust, exceeding \$1,000, for each \$1,500.....	.25
Passage ticket (according to value).....	1.00-5.00
Power of attorney to vote.....	.10
Power of attorney to sell.....	.25
Protest of note, check, etc.....	.25
Sleeping and parlor car tickets.....	.02

While the Senate will make many important changes in and additions to this schedule and has already agreed to eliminate gasoline, the essential features will remain and become law.

The taxation of promissory notes and mortgages hits the man already in debt. If one signs a deed or other conveyance of a certain amount, sends a package of freight or express, a telephone or telegraph message, takes out insurance, purchases a sleeping-car ticket or a ticket abroad, he must pay the tax.

While the bill limits the payment of the stamp taxes to the 31st of December, 1915, taxes when once levied are hard to revoke. If there is plausible need of further revenues by the end of next year, there will be strong temptation to retain the taxes. A wiser course would be to withhold action for the present and await the restoration of our foreign commerce and in the meantime exercise in every department of the Government a pitiless economy.

Mr. MANN. Mr. Speaker, I yield 15 minutes to the gentleman from Washington [Mr. HUMPHREY].

The SPEAKER. The gentleman from Washington [Mr. HUMPHREY] is recognized for 15 minutes.

Mr. HUMPHREY of Washington. Mr. Speaker, I have just listened with a great deal of interest to the speech of the distinguished gentleman from Texas [Mr. HENRY], but I am not going to refer to the question of cotton. I simply want to make this statement, that when the gentleman from Texas depicts the conditions of the South he accurately depicts the conditions of the West. The South to-day is in no worse condition than the Pacific coast.

What I intend to talk upon for a short time is the question of our merchant marine.

The alarming condition in which we find ourselves to-day because we have no merchant marine is entirely due to our own inexcusable neglect. Those to-day who are most frantic in appeals for help are most to blame for our present situation. It has been the cotton raiser of the South and the corn grower of the Middle West that has prevented us to-day from having a merchant marine in this time of great stress to carry our foreign commerce and to bring home American citizens now stranded in Europe. While we to-day regret this calamity that causes all to suffer, yet, in the fact that the farmer of the South and the Middle West is hardest hit there is a sort of retributive justice. The condition that has come upon us was a danger that was perfectly apparent to anyone who has studied that question. I make no claim to be either a prophet or a statesman, but I have given some study to the shipping question. For a decade I have been trying to arouse the Congress and the country to our danger of being without ships to carry our foreign commerce. In a speech made on the floor of the House on February 27, 1907, I used this language:

The pride, the patriotism, the honor, and the safety of the Republic imperatively demand that, whatever the cost may be, no power shall drive our flag from the sea.

Our foreign commerce is to-day almost completely in control of foreign nations. We are almost entirely dependent upon foreign ships to reach foreign markets. Most of the many million dollars' worth of products that go abroad each year must depend on a foreign flag to reach their purchaser. What would be our condition to-day if one of the leading shipping nations should become involved in war, or, worse still, if two such countries should go to war with each other and should withdraw from our carrying trade, as they would, for war purposes the vessels now engaged in carrying American commerce? We can get some estimate of what would follow such a war by studying the results of England's little contest with the Boers; and, strange as it may seem, the interest first and worst hurt was not the shipper, nor the importer, nor the exporter, nor the manufacturer, but it was the farmer. The farmer discovered then that he was interested in shipping. England withdrew her best ships immediately and substituted old, slower, and inferior vessels to carry our trade. Not only were inferior vessels substituted, but freight rates were immediately increased more than 30 per cent. From some ports on the Pacific coast freights were increased more than 150 per cent. On the Pacific coast the farmers had the price of their wheat reduced 25 cents per bushel because of the increased price charged for foreign charters. England levied tribute upon the farmers of the Pacific coast to pay the expense of the Boer War. She compelled every farmer in America to contribute for that purpose.

If such damage could come from a war so insignificant, with our policy of each year more and more placing our commerce in the absolute control of foreign ships, what would be the results that would follow in case of a war between England and Germany or between either of them and another first-class power? Our foreign commerce would be destroyed, our vast over-sea commerce would be paralyzed, our crops would rot unharvested in the fields. Industrially this Nation would suffer all the horrors of war. The probability of such a war, of such conditions arising, is much greater than is the probability of our ever having any use for the magnificent Navy we are constructing. While we most willingly spend millions each year for our Navy to protect our commerce, we are unwilling to spend anything to prevent its destruction by conditions more likely to arise at any time when our Navy would be entirely useless. We are willing to spend millions to protect our commerce in time of war, but refuse to spend anything to protect it in the more perilous times of peace.

And what was the response to this appeal? What was the answer made to those who pointed out the pending danger to our country that is now upon us? The only reply was "subsidy." Yet we have already lost more money than it would have taken to subsidize a merchant marine sufficient to carry our commerce for a quarter of a century, to say nothing of our lost trade and prestige. We are now daily expecting to be called upon to raise

a hundred million dollars by war taxes—a war tax brought upon us in times of peace simply because we did not have the intelligence and patriotism to prepare for what could be plainly foreseen. This refusal to do anything for our merchant marine has been principally due to the fact that some gentlemen in order to keep in public place constantly cried out that they were against a "subsidy." If this European war lasts a year, it will cost this Nation ten times more than it would have cost us to build up the greatest merchant marine that ever floated and maintain it for half a century. Let it not be forgotten that the only ships that are to-day under the American flag running across the Atlantic Ocean are subsidized ships; that they are running to-day only because a Republican Congress had the wisdom and patriotism to place upon the statute books the subsidy act of 1891, an act that has been constantly condemned and denounced by those so-called patriots that have opposed our building a merchant marine. But where is the man to-day who would strike down this subsidy act of 1891? Where is the man in America to-day who regrets that it is upon our statute books?

Mr. GOULDEN. Mr. Speaker, will the gentleman yield for a question?

Mr. HUMPHREY of Washington. Yes.

Mr. GOULDEN. My friend from Washington, with myself, was a member of the Committee on the Merchant Marine and Fisheries for eight long years. The Republican Party was in power for 16 years. Why did you not put through a subsidy measure if you think so much of it and think it a wise and prudent and patriotic thing to do?

Mr. HUMPHREY of Washington. I am glad the gentleman asked that question, but I must say that his memory must be a little deficient. After I made that speech, from which I have just quoted, this House passed a subsidy law. It went over to the Senate, and there in that body it was filibustered to death by two Democratic Senators.

If that bill, filibustered to death in the Senate by two southern Democrats in 1901, had gone upon the statute books, we would to-day have 50 or more great modern steamships upon the Atlantic under the American flag. We would have one-half that number or more upon the Pacific. These vessels could have at once brought home all American citizens in Europe. They would have saved this Nation millions of dollars already lost in their trade. They would be ready to serve us in time of war and we would not be placed in the perilous condition that we are to-day with our troops in Mexico and our transports being used to bring civilians from Europe back to this country. If this law had gone upon the statute books it would have saved us all this loss, and it would have saved us the humiliation of having advertised to the world our ignorance, our weakness, and our neglect. But those who shouted "subsidy" loudest, and who posed as great patriots in fighting these bills, are now standing before the country as the demonstrated enemies of the Nation's best interest and as the unconscious helpers of the great foreign steamship combine that has lived and fattened at the expense of the American people.

I well remember that a distinguished Democrat, then the leader of the Democratic minority in the House, now a member of another body, replied to my plea for a merchant marine in the speech to which I have referred, that it was one of the most eloquent appeals for the American shipowner to get his hand into the National Treasury that he had ever heard. This same gentleman to-day, now that the conditions have come upon us that I predicted would come, is frantic to throw open the doors of the National Treasury to help cotton growers of the South. He and his party are willing to spend millions now to secure a lot of foreign second-class ships, built by foreign cheap labor, to relieve them in this emergency, but they were unwilling then to spend anything to secure first-class ships built in American yards by American labor. For the first time in 25 years the subsidy cry of the demagogue is stilled in the presence of this great national emergency. The Democratic Party that has so long denounced subsidy once more repudiates its platform and now passes a bill that contains a direct subsidy provision. Not only does this bill, passed by a Democratic Congress and signed by a Democratic President, propose to pay a direct ship subsidy, but it is proposed to pay this subsidy directly out of the National Treasury to foreign-built ships. This is a subsidy proposition that the Republican Party never advocated.

The Republican Party has advocated a ship subsidy, but only that it be paid to American ships. Of all subsidy provisions that have ever been written upon our statute books this provision of this Democratic law is the most indefensible. They have gone from one extreme to the other. From denouncing the proposal to pay a subsidy to American ships built in American

yards they now favor paying a subsidy to foreign-built ships built by foreign cheap labor. Of all popular cries that ever went up in this country for political purposes only this cry of "subsidy" was the most hypocritical and cowardly. It deceived a great portion of the American people, and this fight against a so-called subsidy was largely created and greatly fostered through that portion of the American press that received a subsidy amounting to millions annually, paid in the shape of advertising by the giant foreign steamship combine. These advertisements were often accompanied by prepared editorials and press notices pointing out the great evil of Americans doing anything to build up our own shipping. These editorials constantly denounced subsidy, and declared that it was to the great advantage of the American people to have their commerce carried under a foreign flag. Think of the good faith and patriotism of publications of this character taking advertisements and receiving the cash for them, and publishing these furnished attacks upon shipping legislation! Talk of being reformers or the friends of the people! Think of the good faith and patriotism of the publishers, and especially of the magazines in this country that denounce subsidy, when the publishers in this Nation receive a direct subsidy from the National Treasury of more than \$63,000,000 each year! This \$63,000,000 is paid to these publishers "to make profitable an unprofitable business." It is paid out of the Treasury of the United States by the people directly to these publishers. The periodicals in this Nation would want to start a revolution in this country if any other industry was so favored and subsidized as they are. It is rather a discouraging lesson in patriotism to take up one of these public periodicals during the last 10 years and see its great advertisements of foreign steamships for which millions of dollars were paid, and then remember the giving of millions of dollars out of the Treasury to keep in circulation these periodicals, and then read on its editorial page an inspired article by these "holier than thou" publishers about the iniquity of the Government giving a subsidy to build up our merchant marine. There never was any sincerity in this "subsidy" cry in practice in Congress or out of it. We subsidize everything in this country except our shipping. We subsidize agriculture more than \$20,000,000 annually. We subsidize mining. We subsidize our rivers and harbors more than \$50,000,000 annually, largely to accommodate foreign ships. We voted a subsidy to kill the cotton-boll weevil, to kill the cattle tick and the gypsy moth, and for ten thousand other purposes. We subsidize everything on land, and why? Because on land a specific part of every subsidy is spent in somebody's district, or directly benefits some one in some one's district.

For 12 years I have been a Member of this body, and I challenge any man—Democrat, Republican, or nondescript—to show that he ever voted against any subsidy of any kind or character, great or small, that was to be expended in his own district. You may search the records in vain and you will find no such exalted individual in either the House or the Senate. If there is any such person, let him stand up, that he may be photographed and let the country look upon his benign countenance. [Applause on the Republican side.] I notice no one is standing up.

Here is the solution of the opposition to a ship subsidy: No part of it would be expended directly in the district of the man who voted against it. But to-day conditions have changed, and many of these patriotic gentlemen now believe that the money that they would take out of the Treasury to secure foreign ships will directly benefit their district, and, of course, they are in favor of it. And those who have formerly denounced it the loudest are now the most clamorous for a bill of this character.

NO RELIEF FROM THE DEMOCRATIC PARTY.

There will be no great American merchant marine built up under a Democratic administration. The Democratic Party is irrevocably committed against any remedy that would be effective. The Democratic Party is hopelessly committed to that sweet human delusion that you can "get something for nothing." The Democratic Party is always wedded to something free. Free ships, free trade, free silver is the trinity of their deluded faith. For years they met every attempt to help American shipping by denouncing it as "subsidy" and declaring that the one thing necessary was free ships.

They wailed about an imaginary shipping trust and insisted that if only the American citizen was permitted to go abroad and buy his ships these foreign-built vessels under the American flag would soon crowd the seas. It was utterly useless to call their attention to the facts. On the floor of the House I called attention to the utter absurdity of such claims. I pointed out that it was not the cost of the ship but the cost

of operating the shipping that had driven the American flag from the sea. At that time I used this language:

A free-ship policy in this country would not be of any effect. If the American owner can not run at profit the vessel he already owns, certainly the most stupid would not contend that he would buy and run another, however low the purchase price might be.

But, notwithstanding these facts, so plain that none could be deceived, the Democratic Party continued to insist that the only remedy was free ships, and they used this argument on every occasion to defeat any bill that would have been of real assistance. Finally a bill was reported from the Committee on Merchant Marine and Fisheries, of which I was a member, having a free-ship section. Much to the surprise of many of my Democratic and Republican friends, I favored this provision and declared on the floor of the House that I favored it, because if we adopted it it would demonstrate its utter worthlessness and would put an end to this free-ship propaganda. A free-ship provision was finally enacted into law in the Panama Canal act. It has been upon the statute books for more than two years. My prediction has proven correct. Not a single ship has taken the American flag as the result of that legislation. The falsity of the free-ship argument has been fully demonstrated, so much so that even the Democratic Party no longer uses it.

But even this has not been sufficient to divorce the Democratic Party from its policy of delusion and folly of "getting something for nothing." It still advocates the policy of free trade on the seas. They call this policy a "discriminating duty." It was proposed to reduce the duty on goods carried in American ships 5 per cent. Of all the absurd, pathetically ridiculous propositions ever seriously urged in Congress as an efficient remedy to build up an American merchant marine, this proposition stands first.

But, as with free ships, it was no use to present facts and figures. So this absurdity was written into the Underwood tariff bill. The history of American legislation furnishes no example of a more indefensible act of Congress. In the first place, we had but few American ships, so the result would have been practically negligible in any event, as the amount was not sufficient to cause an additional American ship to be run or to cause one already running to make an additional voyage. What little influence it would have would be to open our markets to foreign goods and not foreign markets to our goods. If such provision would have any influence whatever it would be to increase imports and decrease exports. In other words, it was a free-trade proposition. What little help it would give was a mere gratuity, a pure subsidy that went either to vessels already receiving a subsidy from the Government or to vessels operated by cheap Chinese crews. To secure this subsidy these favored vessels were not required to perform any service for the Government or to give any additional services whatever for the benefit of American commerce.

Of course, between here and South America and between here and the Orient is where we are most greatly in need of American ships. But this free-trade provision of the Underwood bill in the trade with these countries would not give sufficient amount to put a "painted ship upon a painted ocean." A large part of our imports from South America and the Orient is upon the free list. Taking the actual figures from the customhouses, a reduction of 5 per cent of the duty would give the great vessels of the Pacific Mail not more than \$5,000 for each round trip, while the vessels of its Japanese competitor, making exactly the same voyage, receive \$100,000 in gold from the Japanese Government for each round trip.

I showed from the reports of the collector of customs from the Puget Sound district that this 5 per cent provision, if the vessel got it all, would give the giant *Minnesota*, the greatest vessel on all the Pacific Ocean, for each round trip of more than 12,000 miles less than \$2,000, hardly sufficient to pay the salary of the cook, although if this great vessel was subsidized in the same amount as her Japanese competitor she would receive about \$150,000 each round trip.

The figures from the Treasury Department show that this reduction of 5 per cent as proposed by the Underwood bill, if the vessels received the entire 5 per cent, would not be sufficient, as I stated when discussing the proposition here on the floor of the House, to run a line of Indian canoes between here and South America.

Under the provision of the Underwood law, a tramp vessel coming from Europe to this country would receive greater compensation for carrying a single case of champagne than a modern ocean liner would receive for bringing \$5,000,000 worth of rubber, or hides, or coffee, or meat, from the distant coast of South America. No words can demonstrate the utter absurdity

of this provision of the present tariff law as do the Government official figures that I have placed in the RECORD.

But nothing could convince the Democrats that they could not "get something for nothing." They had to try this provision as they had to try free ships before they were satisfied. But even now I understand that some of the worshippers of free trade are not entirely cured of their delusion as applied to our merchant marine.

It has been repeatedly declared that the 5 per cent discriminating duty provision in the Underwood law is the plan followed by "our fathers"—under which we once had a merchant marine that was the glory of the seas and the pride of the American Nation. Nothing could possibly be further from the facts. The plan of our fathers was to increase the duty on goods carried in foreign ships. The plan of the Underwood bill is to decrease the duty on goods carried in American ships. The plan of the fathers affected all imports alike, whether dutiable or free. The Democratic law affects only goods that are dutiable. The plan of the fathers was protection. The plan of Democracy is free trade. The plan of our fathers was effective. The plan of Democracy is ridiculous.

The plan of our fathers suited their time. It was effective and it showed their wisdom and their patriotism, but in this modern world of commerce the plan of our fathers would be as antiquated as would their ancient flintlock rifles, with which they gained their liberty, in a war to-day against modern weapons.

ONLY REMEDY LEFT DEMOCRACY.

The Democratic Party has forever pledged itself against direct aid to shipping and against any increase of duty on imports. There is but one other way left, and that remedy the decadent Democracy of Jefferson and Jackson are already claiming is the only remedy, and that is the socialistic remedy of the Government buying, owning, and operating its own vessels. Six months ago I made the prediction that before the end of this administration the Democratic Party would be insisting on the Government buying and operating ships as a way to get a merchant marine. There could be no doubt that they would do this if they did anything, for it was the only method left open to them.

This socialistic proposition is already with us. The European war demonstrated the result of our folly. We were reaping our reward. A demand came for American ships. This time the cry did not come from the shipper of the Atlantic and the Pacific coasts; it did not come from the American manufacturer. Cotton was hit. All cry of "subsidy" and "graft" and "special interest" died suddenly upon the lips of Democracy. There was a frenzied and hysterical demand that the Treasury be thrown open and that the Government, regardless of cost, must come to the relief of the cotton planter. The very men that had for years blocked every attempt to prepare for such an emergency were now the ones most frantic for "subsidy." These excited gentlemen are still so feverish and hysterical that they do not even yet see the inconsistency of their present attitude or realize their responsibility in bringing upon the country our present deplorable but inexcusable condition.

At present it appears that the plan that the Democratic Party will finally follow will be Government ownership, with all the extravagance, incompetency, corruption, and scandal that such plan must bring.

Those who have long been abusing subsidy the loudest are now loudest in their demand for this socialistic proposition. They no longer care who makes a profit or who pays the expense so long as their constituents get immediate relief.

THE RECENT LAW.

The bill just passed may bring some temporary relief, but it will not be of any permanent benefit unless it is followed by other legislation. As soon as the war is over the foreign cheap ship, with its foreign crew, subsidized by its Government, will soon force all the vessels that take advantage of the present law again under a foreign flag. So transparent and plain is this proposition that most of the ships we are purchasing in good faith will be bought with this very purpose in view. It is the only possible way that the purchaser of a ship can have any reasonable hope of a profitable return upon his investment. It is argued that there are already many ships under foreign flags that are owned by Americans, and that these ships under the present law will seek American registry. This they may do, but it will probably be because they wish to be protected from seizure by foreign nations. But even if this class of vessels does come under the American flag, it will do but little toward relieving the present situation, because they will continue in the same trade where they now run. Take, for illus-

tration, the United Fruit Co. vessels, now under the English flag. They may take the American flag. It will protect them from any danger of seizure by German warships, but these vessels will undoubtedly continue to run in the same business in which they are now running.

I will yield, even if I have but one minute left, to any gentleman who will stand up and tell me what benefit has come from that law. Not a vessel has come under the flag since that law went upon the statute books, except those belonging to great corporations, with a single exception.

Mr. HARDY. The gentleman said he would yield. I would like to have the gentleman say whether or not in passing that law allowing for the registry of foreign-built vessels we did not at the same time so limit their uses as to leave them just exactly where they would have been if they had flown a foreign flag?

Mr. HUMPHREY of Washington. You did exactly what the Democratic Party always does in regard to merchant-marine legislation. You placed something upon the statute books that was of no effect. [Applause on the Republican side.] It was absolutely absurd. Just as your free-ship proposition was absurd, just as your discriminating-duty proposition was absurd, so you followed it with this last absurdity.

The only people who have been benefited by this recent law are the great corporations that own these vessels. They have been protected from seizure by hostile warships. It has been a benefit to them, but they still run exactly where they ran before. They still carry the same traffic; they are still performing exactly the same duties. The Government has not benefited in a single instance. Not a single additional ton of American commerce has been carried because of that law. The only exception to these great corporations is one vessel on the Pacific coast, a German vessel that has been renamed the *Sacramento*, but which will probably be seized by an English naval vessel the moment it gets outside of the Golden Gate.

The only thing that is left for the Democratic Party is the socialistic one of Government ownership, and that is the one that we are now told must be passed when we meet again. What is that proposition, in a few words? That the Government shall buy foreign cheap ships, built by foreign cheap labor, place upon them foreign seamen—Chinese, Lascars, or any that they can get—man them by foreign officers, and the only thing about the vessel American will be the flag; and unless this administration changes its policy, even that may be manufactured abroad. [Applause and laughter on the Republican side.] That is the proposed Democratic ship-subsidy legislation. I want my friends on that side of the aisle to remember this statement: Not only do you propose to take these foreign cheap ships and man them with foreigners, but you propose to subsidize them under the subsidy act of 1891. If we can only get a merchant marine composed of foreign-built ships, manned by foreigners, and still have to give them a subsidy, then I for one do not think it is worth the price. [Applause on the Republican side.]

If the Government should go into the business of buying and running ships, then the present law would be of little or no benefit whatever, for it is hardly to be supposed that any American citizen in good faith would buy vessels and undertake to run them in competition with the Government, with the United States Treasury back of the scheme to meet the loss that would occur.

I see no hope of any merchant marine as long as the Democratic Party controls the country, for they stand where they have always stood—absolutely opposed to anything that will permanently build up American shipping. Repeating a statement I made upon the floor of the House many years ago when arguing this same question:

It is useless to attempt to persuade them to see the error of their way. The Democratic Party is for free trade. It is wedded to a corpse; it never unites with the living. When you attempt to convert the Democratic Party, when you attempt to persuade it to favor any proposition that is right, to vote for any policy that is for the general good, in the language of Holy Writ, "You might just as well fill your belly with the east wind." "Yea, they have chosen their own ways, and their souls delight in their abominations."

IF WE WERE AT WAR.

Our financial loss by this war in Europe because of our being without a merchant marine can never be measured. It is beyond human calculation. But vast as it is, by comparison it is as nothing to what we would lose by having no merchant marine if we were to become involved in war with some powerful nation. We have practically no transports for our Army and practically no auxiliary for our Navy. If we were at war to-day, we could with greatest difficulty, notwithstanding the Panama Canal is now open, because of our lack of American ships, get our battleship squadron from the Atlantic to the

Pacific Ocean. If our battleship squadron were there it could only fight along the shore. It could only be used as a mere coast defense, because of lack of merchant ships to support it.

When our battleship squadron went around the world it could only do so because we employed foreign ships to carry the coal, a thing we could not do in time of war. Had war been declared while that trip was being made, all these foreign ships would immediately have left our service, and the best that we could have done would have been to have run our mighty battleship squadron into a neutral port and there dismantled the vessels and abandoned them until the end of the war. Our condition is little better to-day. Now we have but few transports, and most of these are old and antiquated and utterly unfit for over-seas voyages. With a few of these transports sent to Europe to bring home stranded Americans, our army at Vera Cruz is now practically helpless. We have no vessels left to either send them reinforcements or to bring them away.

If war were declared to-day, we could not get 25,000 soldiers to the Philippines in a year if the fate of the Nation depended upon it.

A navy is practically worthless without a merchant marine. We build a navy for the protection of our country. A merchant marine is as essential for the common defense as a navy. Why should it not be the business of the Nation to provide the one the same as the other? They are both for one and the same purpose. To build a navy without a merchant marine as an auxiliary is an inexcusable waste of public money. To build a navy and not a merchant marine is criminal stupidity that may any day threaten the integrity of the Republic.

Mr. MANN. Mr. Speaker, I yield 25 minutes to the gentleman from Massachusetts [Mr. GARDNER].

Mr. GARDNER. Mr. Speaker, yesterday I introduced House joint resolution 372, "Providing for a national security commission."

This resolution calls for an investigation the purpose of which is to ascertain whether the United States is prepared for war. To-day I am addressing this body because I need help in pressing that resolution to a hearing.

A DELIBERATE DELUSION.

For a dozen years I have sat here like a coward, and I have listened to men say that in time of war we could depend for our defense upon our National Guard and our Naval Militia, and I have known all of the time that it was not so. I am a former militiaman myself. I am a veteran of the Spanish War, and I tell you that any such doctrine is the supremest folly. Under that delusion in 10 short years we have allowed our Navy to slough away from a strong second to England, until now it is a very bad third and is fast sinking to fourth or fifth place. The theory in this country that we can create an army and a navy right off the reel is totally and entirely wrong. After war breaks out you can not improvise a dreadnought, you can not improvise a torpedo, you can not improvise a 42-centimeter howitzer, you can not improvise a traveling concrete plant, you can not improvise plants for inflating Zeppelin balloons, you can not improvise sailors.

All those things must be provided in time of peace, and yet we are neglecting them. And, my friends, you can not make a fighting regiment out of a militia organization until you have either eliminated 20 per cent of the personnel of that militia organization or stiffened their resistance against the instinct of self-preservation. I have been a militiaman. I have seen militiamen go into the Spanish War. Many a lad enters the National Guard in times of peace and then is ashamed not to volunteer when war breaks out. He goes to war half-heartedly, hoping against hope that when the time comes he will be brave. Perhaps he may be brave, but often and often the spirit is willing and yet the flesh is weak. That 20 per cent I spoke of is quite enough to disorganize the best material which ever went to war.

The militia has seldom been dependable in a tight place in the past. You have got to go through the long, weary process of cutting out the timid and hardening the rest before your National Guard regiment will become an effective Volunteer regiment.

THE STORY OF THE SPANISH WAR.

"Oh, yes," somebody says to me, "that is the same old story that we have been hearing so long—that the United States is not prepared for war." My friends, it is the same old story, and it is a true old story. We were not prepared for war when the Spanish War broke out in 1898 and we were not prepared for war when the Spanish War ended.

At the end of April, 1898, war was declared against Spain, and there came a call for volunteers, for 125,000 only. Afterwards, in May, came a call for 75,000 more volunteers. Did those volunteers mobilize, all equipped, rushing to the front like the coming of the wind? By no means. A great many of those volunteers have not mobilized yet. Did you know, Mr. Speaker, that in the Spanish War a great many States of this Union were unable to supply their entire quota until after the war was ended? If the gentleman from Pennsylvania, Gen. HULINGS, were here to-day, he would tell you that on the 9th day of August, 1898, at Coamo, P. R., three months and a half after war was declared, he led his men into action, armed with rifles which had only been in their hands for three days. In Cuba during the Spanish War, in the month of July, two regiments went into battle armed with short-range Springfield rifles, shooting black-powder cartridges. There in the press gallery sits Sergt. Goodwin, of Company K, Third Texas. Were he on the floor he could tell you how his company for five months had to put up with antique black-powder Springfield. To be sure, many of those valuable relics were at least safe, for they had no triggers and no plungers.

Mr. KAHN. Mr. Speaker, will the gentleman yield?

Mr. GARDNER. Certainly.

Mr. KAHN. I can assure the gentleman that the situation is not as bad as that to-day. We have 800,000 rifles of the Springfield 1904 pattern, and that is the greatest reserve that this country has ever had at any one time.

Mr. GARDNER. I was coming to our rifle reserve. On my right another Spanish War veteran, Mr. GREENE of Vermont, reminds me that those two regiments in Cuba of which I spoke were armed with ramrod bayonets instead of intrenching tools.

DEAF TO EVIDENCE.

Let us see if the situation is much better to-day. The naval board is continually dinning into our ears a story of the unpreparedness of the United States for war. Every time he issues a report, Gen. Wood tells us the same thing about the Army. He appeals to us to arise from our lethargy and take an interest in these questions which are vital to the Nation. Yet we go on slumbering and gibbering and scattering money for all sorts of projects wherever the votes grow thickest, and I am just as bad as anyone else in that respect. What is the matter with us? Are we blind? Are we crazy? Do we not see? Of course we see, but we know that every boy in the United States is brought up to believe that we can "lick" all creation, and we are ashamed, we are afraid, to go to our constituents and tell them the truth. I have been afraid all these dozen years to turn around and say to the National Guard in my district, "We can not depend on the greater part of the National Guard to do effective service in time of war." In all the dozen years that I have known that fact until this minute I have never said so.

We Congressmen have been salving our consciences by trying to believe that no one would dare attack the United States. Are you so confident of that assumption now, gentlemen? Do you believe that if, after this war, Germany found the Monroe doctrine standing in her way—Germany or any other powerful nation—do you feel so sure that she would pay any attention to that doctrine of ours if the redundancy of her population forced her to look about for colonial outlets?

THE MONROE DOCTRINE AND ASIATIC EXCLUSION.

The United States by the Monroe doctrine has said to the world, "You must not colonize in Mexico and you must not colonize in South America—rich, fertile South America. We do not intend to colonize there ourselves, but you shall not colonize there, either. You shall not be allowed to overflow America with colonies recruited from your teeming population." Do you believe that we can maintain any such doctrine unless we are prepared to fight for it? Then, again, we have looked square in the eye of the most military nation which Asia has ever known, and we have said, "We will have none of you within our borders." Do you suppose a proud people like the Japanese will continue to listen with equanimity to a doctrine like that, unless behind that doctrine lies a force which can put it into effect? Perhaps men may say that the Monroe doctrine and the Asiatic exclusion doctrine are prompted by national selfishness. So be it. I concur in both doctrines. I am ready to battle for them and I am ready to pay the bill for enforcing them.

Possibly the world may think that this country is a dog in the manger in its attitude toward South America and Mexico. At all events let us not be toothless dogs in the manger, who bark noisily, but when it comes to biting are found wanting.

THE NAVY.

I believe that our naval school at Annapolis leads the world. My race prejudice leads me to believe that perhaps English-

speaking men make a little the best sailors in the world. There our advantages end. Let us try not to fool ourselves. Competent officers and brave men will not offset the difference between a 6-inch gun and a 12-inch gun.

How many men do you think we need in order to man the modest Navy which we have? We need from 75,000 to 100,000 men. And how many do you think that we have? We have just about 50,000 men and some 9,000 Naval Militia. Before we can mobilize our entire fleet, if it is all worth mobilizing, which it is not, we must enlist approximately 41,000 raw recruits, many of whom never saw the sea in their whole lives.

We have been reading about the exploits of the submarine which the Germans call *U.9*. We are told that she sank three British cruisers by three successive torpedoes. Perhaps you think we might do the same thing. We might if we had the torpedoes, but do you realize that we have on the average only one long-range torpedo, built or building, for each torpedo tube with which our vessels are supplied?

Mr. BORLAND. Does the gentleman care to yield?

Mr. GARDNER. Certainly.

Mr. BORLAND. My understanding is, and I ask if it be correct, that the United States has spent more on its Navy in recent years per year than any nation except Great Britain; that we have exceeded annually the naval expenditure of Germany by twelve or fifteen million dollars. Is not that the fact?

Mr. GARDNER. I do not know. What effect does that have on the argument?

Mr. BORLAND. Under those conditions ought we not to have a better Navy?

Mr. GARDNER. I can not tell the gentleman. I am talking about the results, not about the causes. I do not wish to go into controversial matters of that sort. I know the answer and so does the gentleman who interrupted me. Construction is expensive in this country and our crews are highly paid. The German crews are unpaid, I think.

Mr. Speaker, as I was saying, we have only one long-range torpedo for each torpedo tube. You might almost as well have one projectile for each gun, except that torpedoes cost \$8,000 each, and they are said to take nearly one year to build.

The plans of modern warfare on the sea require fast scouts to keep in touch with the enemy and find out where he is. These scouts must have a minimum speed of 30 knots an hour. How many such scouts do you suppose we have? Mr. Speaker, we have only three of these scouts with which to obtain our information. Germany has 14 fast scouts, and Great Britain has 31. How about the great fighting weapon, the ship which must lie across the ocean paths and intercept the enemy? How about the dreadnought and the dreadnought cruiser, the great, strong fighting men-of-war? Let us see how we stand in that respect. Great Britain has 42 dreadnoughts and dreadnought cruisers built and building. Germany has 26. We have only 12, and 3 just authorized. "Oh," you say, "the day of dreadnoughts has gone by; it is submarines which we want." I do not agree with you that the dreadnought's day has passed, but most certainly I believe that we need a powerful fleet of submarines. Let us see how we stand in that respect. Great Britain has 64 submarines, and we are fourth on the list. So it goes—we are short of nearly every kind of vessel and nearly every kind of armament. The longer it takes to build things, by some strange chance it seems as if the shorter we were of them.

Now, if we have not got a fleet, ship for ship, which matches the fleet which comes against us, we probably can not stop that opposing fleet. If we can not stop his fleet, the enemy can land his troops anywhere on the coast of the United States that he sees fit. We have no Army wherewith to oppose him.

THE ARMY.

Do you know what we have got in the way of an Army? Do you know what we have got with which to oppose 4,000,000 trained men, which happens to be the war strength of the German Army? Do you realize that we have only about 85,000 regulars and about 120,000 militia? Are those militia trained? Why, Mr. Speaker, 60 per cent of the men in the militia who are armed with a rifle do not know how to use it properly. Sixty per cent last year were unable to qualify even as third-class marksmen.

Half of that 60 per cent—30 per cent—did not even try to qualify with the rifle. That is all we have got to defend us. What is the use of talking this arrant humbug any more to the country? I am telling you the truth. That is what we have got to face. But I do not blame you gentlemen. I blame the inflated optimism which has led us to believe that we can whip all creation.

Mr. Speaker, as the gentleman from California [Mr. KAHN] said, it is a fact that at last we have nearly one million modern

rifles on which we can depend. How about our artillery? Let us see what Gen. Wood, the Chief of Staff, said in his report last year. He tells us of the "alarming condition of shortage" in our field artillery guns and ammunition. Present-day events are showing that it is mighty dangerous to be weak in artillery.

Of course, it is evident that our main defense must be the Navy. This country will not tolerate these huge European land armaments. But at all events we can vastly increase the Regular Army without putting an undue burden on the taxpayers. Furthermore, we can equip it with plenty of the latest artillery; we can equip it with plenty of the latest machines for fighting in the air; we can double the number of our officers; we can treble the number of our noncommissioned officers; and, by the way, all England to-day is posted with advertisements offering inducements for old noncommissioned officers to rejoin the colors.

Mr. HUMPHREYS of Mississippi. Will the gentleman yield for a question?

Mr. GARDNER. Yes.

Mr. HUMPHREYS of Mississippi. How long does it require to manufacture the ordinary field artillery?

Mr. GARDNER. The 3s?

Mr. HUMPHREYS of Mississippi. I do not know how many "3s" there are.

Mr. GARDNER. No one knows how long it takes to manufacture the 42-centimeter guns, because they are quite new in war. I understand that it takes a year to manufacture certain kinds of cannon, but I believe that it can be done more expeditiously in the Krupp factory than in the United States.

Mr. HUMPHREYS of Mississippi. I am speaking of the character of field artillery that we have now.

Mr. GARDNER. A member of the Committee on Military Affairs on my right tells me that it takes nine months to make the ordinary field artillery; that is, the horse artillery.

Mr. HUMPHREYS of Mississippi. The gentleman will pardon me. The answer usually made is that it takes a long time to build a navy, but that we could very readily put an army in the field, because we could get the men.

Mr. GARDNER. If the gentleman has followed my argument he knows that I believe that we can not get the men in a short space of time.

Mr. HUMPHREYS of Mississippi. I believe so, too. I believe as the gentleman does. It would be utterly impossible for us to equip the Army with artillery under 12 months, it matters not how much money we were willing to spend.

Mr. GARDNER. If you want to build this enormous German artillery, which is drawn by two motors and pushed by a third, no one knows how long it will take to do so.

Mr. MONTAGUE. I did not understand the gentleman's statement just now. Was it that we could not get the men, or what was it?

Mr. GARDNER. In my opinion it would take a long time to get the men. I have stated my own belief that militia must not be depended upon for our defense.

Mr. MONTAGUE. May I ask the gentleman what is the need, then, of exposing our weakness to the world at this particular time?

Mr. GARDNER. That is what gentlemen have been saying right along. Meanwhile we have gone ahead telling our boys that we can whip the world without half trying. The gentleman says that we must not tell the world of our weakness. The fact is that foreigners already perceive our weakness a great deal more clearly than the American people do.

Mr. KAHN. Will the gentleman yield?

Mr. GARDNER. Yes.

Mr. HUMPHREYS of Mississippi. The fact is that the American people are the only people who do not know it. Is not that a fact?

Mr. KAHN. The gentleman has referred to the report of Gen. Leonard Wood of last year in reference to our inefficiency in the artillery branch of our establishment. Does not the gentleman know we appropriated some millions of dollars for the increase of the artillery in the last military appropriation bill?

CONCLUSION.

Mr. GARDNER. I know there has been an improvement in artillery, but what I am contending for is a radical change, not a palliative. The whole matter lies deeper than Congress. The trouble is that we have never dared to tell the people that they are living in a fool's paradise, for fear that we should antagonize somebody and perhaps incur the charge that we are revealing our weakness to foreign nations, as if there were any secret about our weakness which we could conceal if we tried. The truth is that each one of us is afraid that some National Guard man in his district will say, "Why, that man GARDNER says I am no good. I will teach him." That is why the people

of the United States have not yet awakened to the understanding that 42-centimeter guns and superdreadnoughts present stronger arguments than past victories and present treaties.

APPENDIX.

Statement given to the press October 15, 1914, by Congressman GARDNER, of Massachusetts, upon the introduction of House joint resolution 372, "Providing for a national security commission."

TOTALLY UNPREPARED FOR WAR.

I have introduced this resolution to investigate the military status of the United States, because I know that a public searchlight will open the eyes of Americans to a situation which is being concealed from them.

The United States is totally unprepared for a war, defensive or offensive, against a real power. In my opinion, the effect of the vast sums of money spent by Mr. Carnegie in his peace propaganda has been to blind Americans to the fact that our national security from a military point of view is undermined.

Nearly every Army and Navy officer to whom I have spoken tells me the same story of inadequate security. I have yet to speak to a single member of either the Committee on Naval Affairs or the Committee on Military Affairs of the House of Representatives in whose judgment I have confidence who does not, in private, make exactly the same admission. Yet all these gentlemen seem to consider it their duty to refrain from making any public statement.

THE MONROE DOCTRINE.

We are the most prosperous nation on earth, and to the south of us lies the wonderful South American continent, which we have closed to European colonization by the Monroe doctrine. I simply can not understand how any intelligent student of history can fail to see that we are impotent to defend ourselves and to enforce the Monroe doctrine by moral suasion and financial might alone.

THE GERMAN MENACE TO DEMOCRACY.

The time has not yet come when the United States can afford to allow the martial spirit of her sons to be destroyed, and all the Carnegie millions in the world will not silence those of us who believe that bullets can not be stopped with bombast nor powder vanquished by platitudes.

It is true that with respect to the present European war my views are not those of a neutral. I am entirely convinced that the German cause is unholy and, moreover, a menace to the principles of democracy. Furthermore, I believe that the god of battles will visit defeat upon the Germans.

OUR SECURITY DEMANDS IMMEDIATE ACTION.

But no matter which side wins we must remember that since the beginning of time victorious nations have proved headstrong and high-handed. We must begin at once to reorganize our military strength if we expect to be able to resist high-handedness when the day of necessity comes.

Of course, all this is unpopular doctrine. It would be far easier for me to declare that all is well and that our present military establishment, coupled with our National Guard and our Naval Militia, is to be depended upon for our defense. Unfortunately I can not bring myself to believe any such thing.

ENROLLED BILL AND JOINT RESOLUTIONS SIGNED.

Mr. ASHBROOK, from the Committee on Enrolled Bills, reported that they had examined and found truly enrolled bill and joint resolutions of the following titles, when the Speaker signed the same:

H. R. 14233. An act to provide for the leasing of coal lands in the Territory of Alaska, and for other purposes;

H. J. Res. 241. Joint resolution for the appointment of five members of the Board of Managers of the National Home for Disabled Volunteer Soldiers; and

H. J. Res. 362. Joint resolution to correct an error in the enrollment of certain Indians enumerated in Senate Document No. 478, Sixty-third Congress, second session, enacted into law in the Indian appropriation act approved August 1, 1914.

SENATE JOINT RESOLUTION REFERRED.

Under clause 2 of Rule XXIV, Senate joint resolution of the following title was taken from the Speaker's table and referred to its appropriate committee, as indicated below:

S. J. Res. 196. Joint resolution to authorize the Secretary of War to grant permission to the Southern Commercial Congress to place a tablet at Gamboa, Canal Zone, as a memorial to the late Senator John T. Morgan; to the Committee on Military Affairs.

COTTON.

Mr. MANN. Mr. Speaker, I reserve the balance of my time. The SPEAKER. The gentleman from Illinois [Mr. MANN] reserves the balance of his time—20 minutes.

Mr. HEFLIN. Mr. Speaker, the gentleman from Alabama [Mr. UNDERWOOD] yielded to me the remainder of his time. I yield to my colleague from Alabama [Mr. BURNETT].

The SPEAKER. The gentleman from Alabama [Mr. BURNETT] is recognized.

Mr. BURNETT. Mr. Speaker, I merely rise for the purpose of asking leave to extend my remarks in the Record on the cotton situation in the South.

The SPEAKER. The gentleman from Alabama [Mr. BURNETT] asks unanimous consent to extend his remarks in the Record on the cotton situation in the South. Is there objection? There was no objection.

Mr. UNDERWOOD. Mr. Speaker, I yield the balance of my time to the gentleman from Alabama [Mr. HEFLIN].

The SPEAKER. The gentleman from Alabama [Mr. HEFLIN] is recognized for 20 minutes.

Mr. HEFLIN. Mr. Speaker, I am glad even at this late day to obtain time in which to discuss for a little while the cotton situation in the South. For days and weeks I, with others on this side, have tried to get this question before the House, but some who represent interests that will speculate upon the cotton producer's misfortune and profit by his distress have repeatedly interposed their objections, and no other way for bringing the matter up has so far been devised.

The South in her distress deserves better treatment, and her people, confronted by destructive prices for their principal product, are entitled to more consideration at the hands of this House. I am convinced that there has been an understanding among some of those who oppose legislation looking to the relief of the South that objection would be made so as to prevent any discussion of the question here. For days and weeks, Mr. Speaker, those of us who have been suggesting plans and trying to devise ways and means for the relief of our people have been denied the opportunity to even discuss the question in the open before the Members of the House. I am tired of cloakroom opposition to suggestions of relief to the producers of cotton. I am weary of these whisperings about the Capitol that nothing can be done for the relief of 30,000,000 people in distress, suffering greatly from conditions created by war. [Applause.] I hail with delight the opportunity to discuss this question in the open. I want the people of the country to know of conditions as they are in the South, and I want the people of the stricken section to know who their friends are in this time of their distress. The President is in sympathy with us. The blame for no legislation, so far, is on this House and the Senate. When cotton fares well in the market, money flows freely in the South at this season of the year and every avenue of business is pulsing with prosperity. Cotton is our money crop. It represents the credit and working capital of the South. To-day cotton is selling below the cost of production and the debt-paying and purchasing power of the producer is paralyzed. It takes 12 months to make, gather, and dispose of the cotton crop. It costs more to produce cotton than any other staple product, and this particular crop cost more than any cotton crop ever produced in the United States.

The cotton farmer, as a rule, has an account with the merchant running from January to September, October, November, and December. He obtains advances in money and supplies of various kinds all along through the spring, summer, and fall, and pays for it all when he sells his cotton at this season of the year. The local banker generally borrows money from the big banks in New York City, and he lends it to the merchant and the merchant lends it to the farmer. Now, what is the situation in the South? The farmers' debts are due. The cotton-selling season is here, but war in Europe has closed the channels of the cotton trade against two-thirds of our crop, and this great product that has sold for more than 12 cents per pound, or \$60 per bale, for the last five years is now going at a price far below the cost of production. Many of the producers are forced to sell at these destructive prices. They can not borrow sufficient money at the banks to relieve the situation. They are in distress, menaced by conditions that are dreadful, conditions created by the European war. Now, Mr. Speaker, the money expended by the producer in the making of the crop, that furnished by the merchant and advanced by the bank, is all tied up in this crop. Heretofore when cotton commanded a good price it sold freely and the farmer paid the merchant and the merchant paid the local banker; then the local banker paid the big banks in the East, and all was well with our people. How different now, Mr. Speaker. Indebtedness that would have been easily wiped out if cotton had brought a good price hangs heavy over the head of the farmer, the merchant, and the local banker. They are all gripped and held fast by the cruel hand of a foreign war. These conditions have not been produced by competition nor by any fault of the producer. They were not brought about by the operation of economic agencies, and they can not be regarded in the same category with business depression and low prices brought on in time of peace by overproduction. They are not such conditions as the producer would be expected to provide against. He had no way of knowing that such a calamitous state of things would confront him at this time, and he had no power at his command to prevent the condition born of a foreign war, and he ought not now in this land of liberty to be left in his distress to battle with conditions brought about by a war of kings. [Applause.]

If a foreign army should invade the South and take from the producers half of their cotton crop, the Federal Government would expend many times the value of the entire crop to repel

the invader and reimburse the producers for the property thus taken. Then, why not come to the rescue of that same people now suffering on account of a war raging in Europe, the evil effects of which have come with devastating hands, destroying their peace of mind, demoralizing their business, depriving them of the necessities of life, and literally robbing them of the fruits of their toil? [Applause on the Democratic side.]

Mr. Speaker, the producer is not asking Congress to fix a value upon his cotton or to guarantee to him a profit upon its production. He comes asking that the Government lend him assistance in this time of his distress—to help him prevent the sacrifice of his property and the suffering of his family through conditions created by the war. He is seeking no appropriation through Congress. He asks no gift at the hands of the Government. He is simply calling upon this great and good Government in this hour of his distress to do for him what it has done for the people of other sections to relieve their suffering when the unavoidable hand of affliction has been laid upon them. When fire swept the city of Salem, Mass., and homeless and hungry people cried for help, we did not say that the State of Massachusetts should care for them and bear the burden involved in relief for their distress. Congress appropriated money then and directed what should be done with it. When the earthquake came to San Francisco, destroying life and property, we did not say then that the State of California should provide funds for the distressed, but Congress appropriated money and directed how it should be used.

When the flood swept through Ohio, closing every avenue of business in large cities along its course, there was great distress among the people, and the banks closed their doors at Dayton; we did not say then that the State of Ohio should be compelled to provide the relief necessary. No, Mr. Speaker, the Secretary of the United States Treasury sent money to Dayton and directed what should be done with it. When the storm had swept through sections of the Northwest, leaving suffering and want in its wake, the Federal Government responded and the funds of the American people were used for their relief. In one instance the distress was caused by fire; in another instance it was caused by the earthquake; and in another by the flood; and in still another instance it was caused by the storm; and here is an instance where the distress is caused by war, and the people of the stricken section have come to the Federal Government asking that some measure of relief be granted to them. They do not ask that money be given to them, as was done in the instances that I have named. They only ask that the Government deposit public funds in the banks of the South, directing that those funds shall be used to relieve the distressed condition of the cotton producer—distressed conditions caused by war. [Applause.] They ask for the use of these public funds for a limited time. They are willing to put up any security at their command, to give their notes backed by their cotton warehouse receipts. The increased and multiplied uses of cotton, the price paid for the raw material for the last five years, and the money invested in the cotton-spinning industry and the cotton-goods trade the world over, all testify to the merit and value of cotton as security for a loan of this kind.

The bank could act as the fiscal agent of the Government, lending this money under such rules and regulations as the Secretary of the Treasury may prescribe. My bill provides that the Secretary of the Treasury shall fix the rate of interest to be charged and also fix the time for final payment of the loan made direct to the producer, and it recognizes as good and valid security cotton-warehouse receipts. I am not in favor of the Government going into the banking business, loaning money to citizens in the various walks of life, but I do think that in a time like this, when the banks are unable or have failed to meet the requirements of our people, the Government is justified in taking extraordinary steps to prevent the loss of millions of property and the distress and suffering of millions of people. [Applause on the Democratic side.] If the people of one section of the country are afflicted and oppressed with conditions produced by a foreign war, it is the duty of the Government to grant relief to the people of that section, even at the cost of laying a part of the burden upon the people of the other sections of the country. But, Mr. Speaker, here is a proposition that will grant the relief necessary without putting any burden at all upon the people of other sections and without cost to the Government of the United States.

I am not suggesting a plan to meet a situation born of normal conditions, but conditions created by war. I am asking for relief in extraordinary times to meet conditions that threaten the peace, prosperity, and happiness of thirty-odd millions of people. Something must be done by this Government, and done speedily, to relieve the suffering and distressed people of the South. Here is a remedy that the Government can administer without injury to itself or to any other interest, and one that will

grant the relief necessary. Yes, I am asking the Government to lend us the use of a portion of the public funds, that we may be able to survive the ravages of the European war and prevent great distress and suffering among the people.

If we lend money regularly or deposit it with the national banks at a low rate of interest for the use of men engaged in the money-lending business, why should we not, in an extraordinary and distressing time like this, make an exception and lend to the man who is trying to pay his debts and prevent the sacrifice of his property? One gives to the Government security for the use of money that he may take it and lend it to others at a profit. The other, in his distress, calls upon the Government for help, and he is willing to pay the Government interest that he may prevent the suffering of his family and the sacrifice of his property. Now, then, if the Government can go into that kind of business to aid men to increase their fortunes by the use of the money of the people, why is it not right and just to take some of that money at a time like this and lend it through the banks to the man whose property is about to be sacrificed, and by so doing prevent distress and suffering among the people? If the Government lends money to or deposits money with the national banks under normal conditions at a low rate of interest, and they in turn lend that money to the farmer at a higher rate of interest, why should not the Government, in the face of conditions that exist in the South to-day, loan through the banks direct to the cotton farmer at 4 or 5 per cent and help him when he is seriously embarrassed and greatly distressed on account of conditions created by war? If the Government in a time of business peace and under normal conditions lends money to the national banks to help carry on the commercial transactions of the country, why should it not under abnormal conditions like these do the extraordinary thing of lending to the producers direct and save the sacrifice and destruction of a half billion dollars' worth of property? [Applause.] Mr. Speaker, we have no rural credit system yet, and in the absence of a banking system that will give the farmer money for a longer time and at a cheaper rate of interest the Government should come to his aid and grant the emergency relief now requested. We appropriated money to bring from Europe American citizens who went abroad on a pleasure trip.

The Congress did a gracious and kindly act when it did that; but, Mr. Speaker, it is a curious governmental impulse that will spend money to return to their homes in safety Americans traveling for pleasure in Europe and then refuse to aid Americans already at home, gripped and cursed by war conditions that threaten the destruction of their property and forebode untold suffering and misery to their families. [Applause.] But you say that these Americans could not get home without this aid from the Government, and yet it was not in the line of the ordinary business of the Government to lend money to people traveling in Europe. It was an emergency situation. The exigencies of the occasion demanded extraordinary action, and this great Government responded. Now, Mr. Speaker, millions of people in the South, because of conditions created by the European war, are unable to cope with the situation here, and they are calling upon this great Government to meet the emergency that has arisen, and the exigencies of the occasion justify and demand governmental aid. Mr. Speaker, the same noble spirit and generous impulse that prompted this Government to aid people in building homes and making crops on the arid lands of the West ought now to direct the good offices of the Government in going to the relief of farmers in real distress in another section of the country—farmers whose products are being sacrificed at destructive prices. [Applause.] Surely the Government that will advance money by the millions to aid people in one section of the country in purchasing and improving farm property will not refuse to aid a people in another section of the same country struggling to prevent the loss of their homes and the sacrifice of their property. Surely this Government will not with one hand give aid to one class of producers in the West and at the same time with the other hand withhold aid from another class of producers in the South. [Applause.]

I appreciate what the Secretary of the Treasury has already done in depositing funds in the South to help with this crop, but more must be done, Mr. Speaker, or the producing class of our people will suffer greatly. I know that he is anxious to help us. He can not, under the authority of existing law, force the banks to lend money to the producer. He can deposit it with them and request, as he has done, that they use it to aid the producer, but he can not compel them to lend it to the producer. Here is where the trouble lies. The producer is the man who most needs relief. Reach him with these funds and all the interests that cluster about him and are dependent upon him will be relieved. But if he is forced to sell his cotton at the low price now obtaining, because the local banks can not or will

not lend him money and enable him to meet his obligations and keep his cotton off the market, he is not going to be benefited by these funds already deposited in the bank of the South, and it may be that the very funds sent by the Government to aid him in holding his cotton for a reasonable price are being withheld from him as a loan, so that they may be used in purchasing his cotton when forced upon the market at a price below the cost of production. Then, and in that event, the Government is being innocently used to injure rather than aid the man most injuriously affected by the European war. Now, then, in order that the producer may be reached and directly benefited, saved from the financial distress that threatens him, I favor the enactment of a law that will authorize the Secretary of the Treasury to deposit funds in the banks of the South, directing that they shall lend that money to the cotton producer upon his note, secured by cotton-warehouse receipts.

Cotton is as good collateral or security as there is in the world, and no other agricultural product is in its class. Corn and wheat in bulk may be injured by climatic conditions or destroyed by the weevil, but a bale of cotton stored in a bonded warehouse is as good security as silver bullion stored in the vaults of the United States Treasury. Climatic conditions do not affect it, no insect pest can harm it, and no tooth of time can destroy it. [Applause.] Two-thirds of our cotton crop goes abroad, and that cotton sends back to America every year more gold than the world's annual output. As the rulers of old went to Solomon for wisdom, the cotton-using countries of the earth must come to us for the wherewith to be clothed. In the light of these great truths, who can say that cotton baled and stored in a bonded warehouse is not as good security as municipal bonds or railroad bonds on which Secretary Cortelyou issued currency for the railroads? Why, Mr. Speaker, in the last days of the Confederacy, England made arrangements with the Confederate Government to float \$15,000,000 of cotton bonds. That shows what the people of Great Britain thought of the cotton industry of the United States when the very home of that industry was involved in war.

Mr. Speaker, there were more spindles in operation last year and more cotton consumed than ever before. About four years ago, when cotton was selling for 15 cents per pound, the Department of Commerce and Labor in a statement said:

The rise in the cost of the raw material (cotton) has been more the result of natural than of artificial causes. This advance has been furthered by a constantly broadening demand for this fiber in old as well as in new channels. Cotton is now relied upon in practically all the textile manufactures, either as a primary or secondary material, and it is utilized in an increasing number in all other manufacturing industries. The ease and rapidity with which the cotton fiber is transformed into yarn and its adaptability for all forms of woven fabrics accounts for its extensive and increasing use.

Mr. Speaker, the North American, of Philadelphia, says truly, "The big value of cotton comes through its manufacture. To illustrate, in 1912 Great Britain paid \$401,000,000 for raw cotton and manufactured it. Four-fifths of it was purchased from us. She supplied the needs of all her people and exported the surplus cotton goods, for which she received \$611,000,000." This is more money, Mr. Speaker, than the entire American cotton crop will bring at the present price. Why should the raw material, so much in demand under normal conditions, and so valuable to the spinner, and so serviceable to the world, be sacrificed at a time like this to the detriment and great injury of the cotton producers of the United States? [Applause.] The aid that we ask can be granted and the producer relieved of distress without injury to the consumer of cotton goods. The spinner has already made his sales for the manufactured product from this crop, and he calculated on paying more than 12 cents per pound for it. There is no doubt that the spinners expected to pay above 12 cents for cotton this year. They made all their calculations and sold their goods to be made from this crop upon a basis above that figure.

The spinner in our country will not suffer by this plan, for if he can get cotton at 12 cents per pound he can not complain, for he has paid more than that amount for the last five years; and if the mills in Europe are closed for any considerable length of time, the cotton mills of the United States will profit greatly, for they will gain markets for cotton goods that they have not had heretofore.

One hundred and forty-three million spindles in the world are looking to us for two-thirds of their cotton supply. Some of the foreign spindles may, on account of the war, be idle for a time, but this will make our spindles run double shifts and greatly increase the demand upon the American mills. The cotton mills of America consumed about 6,000,000 bales of cotton last year. Now, then, if they run double shifts they will easily consume nine or ten million bales within the next year, and this will be American cotton. Think of the cost of transportation to Europe of the raw cotton, then back to South America of the

finished product. This comes out of the producer and the consumer of cotton goods in South America. Why will not the cotton mills of the United States go after this trade and sell directly to the South American people?

The buy-a-bale movement will help some. The suggested arrangement of raising a fund by the St. Louis bankers to be loaned to the producers will do good; but, Mr. Speaker, a 14,500,000-bale cotton crop has got to be cared for, and it is the duty of the Government to render what assistance it can to prevent wholesale losses in cotton property and great distress among the producers. [Applause.]

Now is the time for our people to patronize a home industry—to wear cotton goods. The South alone can consume annually 2,000,000 bales more in cotton goods. It is the cheapest and most comfortable wearing apparel for summer, and cotton underwear is the healthiest garment that can be worn next to the skin in all seasons. We ought to wear cotton suits winter and summer in the South, and you in the North would be better off if you wore cotton underwear winter and summer.

Now, Mr. Speaker, in many localities the banks have done all that they can to aid the producer; they have advanced money all along through the year to help produce the cotton crop, and at this season of the year they expected money to be coming into the banks, and they were wholly unprepared for the conditions that this foreign war has brought upon us. Some have helped considerably already and want to help more, but they are unable to do so. Then there are those who will take advantage of the deplorable and distressing condition that afflicts the people of the South.

Mr. Speaker, since Jacob's cunning obtained the birthright of Esau it has been found necessary to place metes and bounds about human conduct and restraints around the improper activities of men, and I call upon this House to provide ways and means to protect the distressed producers of cotton from the pillage and plunder of a band of marauding speculators. These men are encouraged and aided by some of the spinners here and abroad. Some of the bankers are taking advantage of the situation, and they, too, are obtaining what cotton they can at low prices. They know that cotton is going to bring a good price later on, and they are refusing to lend money on cotton in order to force the producer to sell, that they may profit by his unfortunate condition. If ever the Government of all the people was justified in carrying relief to a portion of its people in distress, this Government is justified now in relieving the distress of the cotton producers, shielding them from the oppression of those who are preying upon them in their helpless condition. [Applause on the Democratic side.]

Mr. Speaker, with some of the banks unable to do any more for the producer and some refusing to lend him the money deposited with them by the Government, and with the markets closed temporarily to more than half of the cotton crop, the producer is helpless. He is like a ship without a rudder, drifting at sea, and when that occurs you know what happens—there are friendly vessels that would like to render aid and there are also pirate vessels that would like to plunder the ship, and if the pirate vessels are strong enough they always rob the ship and despoil its crew. So, Mr. Speaker, it is sadly true that there are men who delight to prey upon the unfortunate in time of their distress, and there are people who will take advantage of the deplorable and distressing condition that now afflicts the people of the South. There is a man who says, "The time to make money is when you catch your friends in trouble; when they are hard pressed and are almost down and out you can make them pay any rate of interest; then is the time to press them." That character of greed and avarice is still abroad in the land. The cruel disposition to rob the man who is in distress, to get rich upon the misfortune of others, is a mean and despicable thing, but it exists and must be reckoned with in a time like this, and something must be done to prevent the pillage and plunder of the people of the South. [Applause.]

The producers planted this year with the expectation of receiving around 13 cents per pound for cotton. They made all their calculations on that basis, and they had a right to expect that much or more, because they had received more than 12 cents per pound for the last five years, and last year more spindles were in operation and more cotton was consumed than ever before. The spinners expected to pay that much or more for cotton. The merchant and the banker and everybody connected in any way with the cotton business expected to see a good price for cotton this year. The cotton farmer expected \$65 or \$70 per bale, and when he bought the mule with which to make this cotton crop from your western mule dealer and agreed to pay \$250, and in some instances \$300, and when he hired his labor and purchased his supplies he based it all on a good and reasonable price for cotton. Now this cotton farmer

who has expended more money and labor than ever before to produce this crop, for which he expected a good price, finds himself confronted with cotton prices below the cost of production. All of his plans are upset, none of his expectations are realized, and there he stands, helpless, in the clutches of war conditions that he did not even remotely help to create and against which he can not stand without help from some source. [Applause on the Democratic side.]

Mr. Speaker, money flowing freely at this season of the year is the commercial lifeblood of the South. If the banks clog the arteries and prevent full and free circulation of this lifeblood, stagnation and paralysis will ensue. It is the duty of the Government to see to it that this blood furnished by the Government itself shall not be perverted from the ends of its institution, but that it shall be circulated through the arteries of this great productive industry upon which depends the peace and happiness of thirty-odd millions of people. [Applause.]

Mr. Speaker, the situation is so serious that the Members of Congress from the cotton-growing States have been in conference time after time to discuss means of relief for our people. The governors of the cotton-growing States have been here in conference with us, trying to devise some way to aid the cotton producers at this time. Several bills have been introduced looking to relief for the producers of cotton. I am the author of two bills, one to buy 4,000,000 bales out of this crop in the next six months following the passage of the bill—this would keep the price of cotton up, and it would not be necessary for the Government to buy it all at one time; the other to lend money through the banks on the farmer's note, secured by cotton-warehouse receipts—\$45 on the bale. This would enable the farmer to obtain funds sufficient to pay something on his debts and carry on his business and keep his cotton away from the market.

Other Members of Congress from the cotton-growing States have introduced bills that would, in my judgment, accomplish the desired end.

I want legislation that will provide ways and means for the relief of the cotton producers of the South, and I stand ready to support any measure that will carry sound and substantial relief to them.

Mr. Speaker, if the producer could obtain relief in the ordinary channels of business, if the local banks would aid him at this time to prevent the sale of his cotton at destructive prices, he would not think of coming to the Government for aid; but the banks are not doing the thing necessary to meet the requirements of his business, to relieve his distressed condition. The Government issues money and lends it to or deposits it with the national banks. Now, then, if these national banks hold the bulk of the money supply of the country, and if they, under present conditions—conditions, I repeat, created by war—fail and refuse to lend the producer money, so that he can hold his cotton and prevent its sacrifice, where is the producer of cotton to go but to the Government, whose function it is to issue money and deposit it where it will supply the wants and carry on the transactions of men engaged in legitimate business in our country? [Applause.]

The producer can not issue money; that is the function of the Government. The Government does not deposit money with the producer, but it does deposit money with the national banks. The national banker can do what he pleases with that money. Suppose, Mr. Speaker, that this man, the only person intrusted with the money of the Government, should decide, when a calamity comes upon the people and in the time of their distress, that he will withhold any measure of relief, but will speculate upon their condition and profit by their misfortune; what, then, is the producer to do? Suppose the cotton spinners of the United States owned all the national banks, and they should decide that it was to their interest to refuse to lend any money at all to the cotton producers, would the Government leave the producers helpless in the grasp of conditions like that? Would the Government at a time like this permit men who ordinarily do everything in their power to buy cotton as cheaply as possible to use the Government's money to oppress and impoverish the producer by forcing him to sell his cotton to them at destructive prices? [Applause.]

No, Mr. Speaker, this great Government would say to these spinners in control of the banking business, "You shall not pervert these banking establishments from the ends of their institution; you shall not use the public funds to prey upon American citizens in distress; you shall not by the aid of this Government take advantage of conditions created by war to pillage and plunder the producers of the South." [Applause.] Mr. Speaker, now, when the producer is giving to this Government the sign of distress, when the unmistakable cry of his dire need is heard from one end of the cotton States to the other, in the name of justice and humanity I call upon this Congress to

provide relief for the stricken section, to prevent the sacrifice of this cotton crop, and to save from suffering and bankruptcy the cotton producers of the South. [Applause.] Mr. Speaker, all praise to the local bankers who have been helping the cotton producers in this trying time. Many of them have done all that they could, but the trouble is the burden is too great for them; they do not possess the means necessary to afford relief. The State banks are handicapped by the 10 per cent Federal tax. The national banks are not responding as freely as they should, and the business of the producer is demoralized. Conditions created by war are about to overwhelm him, and it is the duty of the Government to extend to him a helping hand. It can do so with great benefit to the producer and with profit to the Government itself. If this is true, why will the Congress hesitate? If these conditions were caused by anything other than fire, earthquake, or war, we would not and should not come to the Government for help. If the agencies instituted by the Government—the banks—would grant us the relief needed, we would not call upon the Government.

But, Mr. Speaker, we are in distress; we must have relief. Other agencies have failed us, and we turn now to the Government of the United States and ask that it grant us the use of some of the public funds in order that we may hold our cotton and prevent panic and bankruptcy among the producing classes of the South. [Applause.] This Government owes more to its producing classes than to any other class of its people. Why, then, should special favors be shown by the Government to banks and to bankers? We can not all be bankers, and when the banking institutions refuse to aid the productive industries of our country and when they permit the producer to be greatly handicapped and seriously injured in his business, then it is the duty of the Government to do the thing necessary to relieve the distress of the industrial and producing classes. In order that they may not be deprived of the fruits of their labor and industry. If the Government will expend money in farm-demonstration work, teaching the farmers how to produce more cotton per acre, and then expend more money to prevent the boll weevil from destroying the crop in the formative period, I can not understand the logic or the philosophy of the Government that will do that and then refuse to lend to the producer a helping hand to prevent the sacrifice of that crop upon an altar erected by the European war. [Applause.] Surely the Government that will aid the farmer in preventing the destruction of his crop while it is being produced will not withhold aid from him after it is produced, when he is trying to prevent the entire loss of that product. I can not believe that this Government will go to his rescue to prevent the ravages of the boll weevil and then leave him naked and helpless to the ravages of war—the victim of conditions that he did not create and could not prevent if he would. [Applause.] The farmer does not want to sell his cotton at the present price, and it is not right to force him to sell it below the cost of production. He is entitled to a fair price and a living profit, and by the help of the Government he can hold his cotton and obtain a reasonable price for it, and the Government will not lose a dollar in the transaction.

The insurance companies will insure a bale of cotton for \$45 on the bale, and the Government would be absolutely safe in lending to the producer on his note secured by cotton-warehouse receipts at \$45 on the bale. Mr. Speaker, there will be but little cotton produced next year. You may look for the cotton acreage to be cut in half, and maybe more. The State legislatures will require reduction of acreage, if necessary. The producer can not afford to produce cotton at the present price, and if left alone he will reduce the cotton acreage next year as a matter of necessity. Cotton will be scarce before another full crop is produced, and some of this crop will, in my judgment, sell for 12 cents or more; and, Mr. Speaker, I want the man who has toiled to produce it to get the benefit of that price. I do not want to see him held in the grip of war conditions and robbed by a band of speculators who are trying to obtain this crop at a low price, so that they may hold it for the good price that is bound to come. If the Government will lend us a helping hand the producer will be enabled to hold his cotton and he will be permitted to enjoy the fruits of his labor. [Applause.]

It is unfair to force the producer to sell his cotton in a demoralized market, at prices fixed under conditions created by war, to meet obligations made in time of peace under normal conditions, when one bale of cotton would bring as much as two bales will bring now. It is unfair and wrong to force him to sell now, when \$1 will pay on his debts just what 50 cents would pay a year ago. It is wrong to press him for the settlement of his debts—dollar for dollar—under present conditions, forcing him to sell his cotton when there is no demand for it, and then leave the greater part of his indebtedness hanging over him for another year. [Applause.] If this is permitted, the whole

burden will fall upon the cotton producer. He will be forced to part with his cotton at prices unsatisfactory to him and at a time when he knows that it is sacrificing his property. The proceeds of such forced sales will be applied upon his debts. Then the unpaid balance will hang above his head to be paid some time in full, dollar for dollar, with interest. Some business concerns will fail, Mr. Speaker, if something is not done to relieve the situation in the cotton-growing States. Some of them will go into bankruptcy proceedings and settle their indebtedness for 15 or 20 cents on the dollar, but the producer, unless he is helped now, will have his property taken from him against his will and applied on his debts.

The balance, the wreck of war, will stand against him to be made good at another time. Mr. Speaker, if Congress can not or will not do something that will relieve the situation, I am in favor of the legislatures of every cotton-growing State passing a stay law, suspending the payment of all debts for a reasonable length of time. This would keep the speculators from taking this cotton crop at destructive prices and place all parties interested in the cotton industry upon the same footing. It would make somebody else share with the producer some of the hardships caused by present conditions. These debts grow out of and are dependent upon the cotton industry. Mr. Speaker, if those to whom the farmer is indebted would in this time of distress follow the example of the good man that the Bible tells us about, things would be different and the situation would be greatly relieved. In the old days the Scripture tells that a collector called upon one of his lord's debtors when times were hard and said unto him, "How much owest thou unto my lord?" And he said, "An hundred measures of oil." And the good man said, "Sit down quickly and write 50." He had compassion upon the man hard pressed and settled the debt for half the amount that was due. Mr. Speaker, if, under present conditions, the banker calls upon the merchant, and the merchant forces the producer to sell his cotton at the present price, some fellow may feel like Artemus Ward did when his friend said to him, "Artemus, you owe me a hundred dollars, and I am going to knock off half that amount"; whereupon Artemus said, "I never let anybody outdo me in generosity; you knock off half of it, and I will knock off the other half." [Laughter.]

Mr. Speaker, the cotton industry of the United States is so interwoven with the industrial, commercial, and financial life of the Nation that whenever it is hampered and depressed nearly every other line of business is injuriously affected. Cotton knocks at the door of the great granaries of the West and millions of bushels of wheat, oats, and corn pour into the South. [Applause.] Your beef, your pork, and your mules find splendid markets in the South when cotton prices are good. So, my friends, when the cotton business of the South is good the prosperity that it enjoys is shared by the people in every other section. [Applause.]

In conclusion, Mr. Speaker, I want to say that agriculture is the corner stone on which all other industries rest, and cotton is the only product in the field of agriculture every pound of which is converted into money and every dollar's worth of which contributes to the financial wealth of the United States. It is the master production, and under normal conditions is the most readily cashed and the most widely consumed among the great staples of the earth. [Applause.]

Wherever the flag flies its splendid fiber is seen. Wherever the American soldier goes, the cotton uniform goes with him, and tents made of cotton spread their white wings above him, hovering about him while he sleeps. [Applause.] It was behind cotton bales at New Orleans that Jackson won the victory over the British.

Cotton has done more to maintain America's credit abroad and to keep it on a sound financial basis than all other commodities combined. Upon the well-being of this great cotton industry depends the prosperity and happiness of one-third of the population of this Union, and I appeal to the Members from the East, the North, and the West to join hands with us from the sister section and grant relief to the people now suffering under conditions created by war. [Loud applause.]

Mr. MANN. Mr. Speaker, I yield to the gentleman from California [Mr. KAHN].

Mr. KAHN. Mr. Speaker, I have read with considerable amazement some of the statements made in the Democratic campaign textbook issued by the Democratic congressional committee and the Democratic national committee recently.

One of the most remarkable statements is to the effect that the President has prevented war with Mexico. The fact is that the attitude of the present Democratic administration in interfering in the internal affairs of Mexico almost brought on a war with Mexico. What right has our Government to interfere in the internal affairs of any friendly nation? Have

we grown to be the world's policeman? We have serious troubles of our own in the United States of America, the solution of which will challenge the ability of American statesmen. Let us sweep our own doorsteps clean before we try to clean house for any other nation.

But what are the facts about Mexico? Do the Democrats think that the American people have forgotten their blunders? Recall the demand for a salute of 21 guns after the Tampico incident had taken place. A petty officer in the Mexican army had arrested six American sailors and a subordinate officer near the water front of Tampico. As he was taking them to the jail he was met by a superior officer, who promptly ordered their discharge and made an apology to the American officials for the mistake that had been made. According to the statement of the President of the United States, even old Huerta made an apology for the incident. But that did not suit this Democratic administration. They must have a salute of 21 guns, and the admiral in command of our warships in Mexican waters was ordered to demand that salute. Have you heard the echo of that salute of 21 guns? No; and you never will hear that salute fired. Why? Because our commissioners to the A., B., C. mediation board that met at Niagara Falls signed a protocol under the terms of which we agreed to forego any further demand for that salute. This Democratic administration marched up the hill and marched down again. Both performances were unworthy of this Republic and entirely unnecessary.

But that is not all in regard to Mexico. The administration announced that the steamship *Ypiranga* and two other vessels were bringing a cargo of 30,000,000 rounds of ammunition to Vera Cruz for Huerta's army. This ammunition must be refused a landing at all hazards was the cry of the President and his advisers. In order to prevent that landing a force of marines and sailors was landed at Vera Cruz. They marched in solid phalanx up the main street of that old Mexican city and had not proceeded far before a volley rang out and 17 of our boys fell on the pavements of Vera Cruz. They were only boys; their ages ranged from 18 to 24 years. A large number of others were wounded; three of these have since died. About 100 Mexicans were killed or wounded to prevent the landing at Vera Cruz of these munitions of war for Huerta. Kindly hands lifted the poor dead boys from the blood-stained pavements of the Mexican port. The bodies were placed in caskets and sent to the United States in a man-of-war, which was heralded throughout the country as "the funeral ship." The bodies were received at the port of New York. The whole country wept tears of sympathy at the loss of these young heroes who fell because this administration demanded that that 30,000,000 rounds of ammunition for Huerta should not be landed in Mexico. And even while the remains of these heroes were being consigned to the bosom of mother earth, that very steamer, the *Ypiranga*, and the two other vessels were landing that very ammunition—30,000,000 rounds—a little farther down the coast of Mexico at the eastern terminal of the Tehuantepec Railroad, Puerto Mexico. Oh, what a waste of human life! Oh, what a slaughter of innocents! And all, all on account of the bungling and blundering of this Democratic administration.

But we have not heard the end of this Mexican business. Even now our newspapers tell us that Carranza, the quondam favorite of this administration, refuses point-blank to give assurances that the lives of those Mexicans who helped our Army and Navy officers to run the civil government at Vera Cruz during our occupancy shall be spared. He refuses to give assurances that other Mexicans who were friendly to the Huerta régime shall continue secure in their rights to life, liberty, and the pursuit of happiness. He has seized the tramway system of the City of Mexico, which is said to be owned by foreign investors, and who will probably complain to our Government against the seizure of their property by this same Carranza. It is said that the followers of the latter, during recent depredations in the Mexican capital, have done an amount of looting that has run into millions of dollars. Even churches have been robbed of their valuables, and then have been given over to destroying flames. Private dwellings have not been spared by the Carranzistas. And these are the men who have had the tacit approval and support of this Democratic administration. When the history of this Mexican business shall have been written by dispassionate students of world affairs, it will present as black a page as can be found in the annals of the United States.

DISCHARGE OF CIVIL-WAR VETERANS FROM FEDERAL POSITIONS.

Mr. Speaker, on page 16 of the campaign book for 1914 that I have referred to item 46 reads as follows:

A million to old soldiers: The saving of at least a million dollars a year to the old soldiers and their widows through direct payment

of pensions by check and the abolishment of the system requiring execution of vouchers is only one of a number of economies brought about by the Commissioner of Pensions.

The expenses of the Pension Bureau this year were half a million dollars less than in the previous year, although there was little less work done. A reduction of 145 employees in the Pension Bureau was effected without causing a single old soldier or soldier's widow to lose his or her position.

This is quite an extraordinary statement, in view of the facts in the case, and it is well calculated, as it was doubtless intended, to deceive many persons who are not thoroughly conversant with the facts, which are:

First, the act of Congress doing away with the pension agency system was approved August 17, 1912, nearly seven months before the present administration came into power, and went into effect from and after the 1st day of January, 1913, or more than two months prior to the inauguration of President Wilson, so that the present commissioner, who assumed office still later, only had to enforce the law as he found it. Had he done less than that he would have been derelict in his duty. Why should he have any special credit for simply performing his duty? Why should the administration have any credit for any reduction of expenses effected by the operation of this law, enacted during the Taft administration?

Second, while it is said that "a reduction of 145 employees in the Pension Bureau was effected without causing a single old soldier or soldier's widow to lose his or her position," the statement is not quite correct. If the word "place" instead of "position" had been used, the situation would have been more truthfully described, for while no old soldier or soldier's widow was dismissed, many old soldiers and several soldier's widows were demoted. In numerous cases more than the amount of pension they were receiving was taken from them, and thus they did lose their position on the pay roll. That is how a goodly portion of the million dollars, relatively, was saved—by taking it, as it were, from the lifeblood of the old soldier and soldier's widow.

The commissioner states that there was little less work done this year than in the previous year, which would indicate that the force of the bureau was still quite efficient. And yet under the present dispensation in the Pension Bureau the efficiency rating of the veteran soldier very suddenly, on account of age and physical disability, has become so low that it has been necessary to demote a large percentage of them.

Of course it will not be admitted by the officials that any soldier has been demoted because he is receiving a pension, but I have been told that pending these demotions of old soldiers they have been asked how much pension they were getting. Anyone with even a limited comprehension can read between the lines.

I think it proper in connection with the subject of demotions to again quote from the act of Congress approved August 23, 1912, a part of section 4, as follows:

In the event of reductions being made in any of the executive departments no honorably discharged soldier or sailor whose record in said department is rated good shall be discharged or dropped or reduced in rank or salary.

I have been informed that the man who, while in the service during the Taft administration, it is stated, was largely instrumental in formulating and having adopted the system of paying pensioners direct by check from the Washington office, and who, after its adoption, was made the disbursing officer of the system, was promptly removed from that position by the present commissioner and reduced in rank to a clerkship.

WHAT CONGRESS HAS DONE AND HAS NOT DONE.

In conclusion, Mr. Speaker, I desire to insert an article from the Cincinnati Times-Star of recent date, which reviews the work of the present administration and points out its shortcomings. In the light of history the claims made for the Democratic administration and the Democratic Congress in the Democratic textbook of 1914 are remarkable, to say the least.

The article by Mr. Gus. J. Karger reads as follows:

WASHINGTON, October 6.

If the attention of the public could be centered upon the record of the Congress whose second session, an overflow of the first, is now drawing to an expected close—Mr. Wilson predicted that it would adjourn last June—nothing would be more vain and futile than the arduous and ardent attempt of Democratic candidates and spellbinders to hide behind the skirts of the European war. For the war did not revolutionize economical conditions in the United States; it merely added speed and force to the influences already at work—influences that were liberated through congressional approval of economic fallacies and extravagances which the Republican Party from the day of its birth had organized to combat.

Congress has been in session 18 months—ever since April 7, 1913—the longest, and in a sense the most remarkable, session on record. During all this time the Democratic Party has been in supreme control of both branches of Congress and of the Executive department, and its responsibility for those acts about which differences of opinion exist can not be questioned. A brief review of the achievements of that period may serve to recall proceedings which those responsible for the

campaign from a Democratic standpoint would fain have the public forget or ignore.

SINISTER TENDENCIES.

Perhaps the entire output can be summarized in a few sentences. To characterize as "sinister" the tendencies that have developed would probably be regarded as a conservative judgment. The experiments in the extension of Government ownership will certainly be viewed in that light by many of the best minds of the country. Thirty-five million dollars are to be expended in the construction of 1,000 miles of Government built, owned, and operated trunk line. The passage of the measure assuring execution of this project has given hope and encouragement to those who would go further. It has brought further demands, backed by the invincible dictum of President Wilson that \$30,000,000 be invested in Government steamship lines; it has strengthened the proposal of Postmaster General Burleson that additional tens of millions be set aside for the purchase of telegraph and telephone lines; it has given impetus to the agitation fostered by Congressman CROSSER, of Ohio, looking to the Government acquisition of the traction lines of the District of Columbia.

Nor would this be regarded as the only "sinister" tendency developed by the passing Congress. One need only refer to the Jones bill, advancing the day of Philippine independence, and threatening to undo the painful work performed under American auspices during the last 15 years, threatening even the peace of the world, if the warning uttered by Congressman MANN should go for aught. One need not go beyond the provision of the Clayton bill to regulate the trusts, which, under the specious guise of relieving labor of the odious commodity classification, sets organized labor above and beyond the pale of compliance with law and court decree. One is naturally reminded of the Democratic volte-face in the matter of canal tolls and the subservience to British rather than American interests demonstrated by President Wilson and the men who did his bidding in Congress.

THE EFFECT OF THE TARIFF LAW.

The first session of the Sixty-third Congress, which merged with the one that began on the first Monday of last December, was made notable by the passage of the new tariff law, with free-sugar and free-wool provisions, built on a foundation of "for revenue only," which soon turned out to be a foundation of "not revenue enough," in spite of the aid rendered by the imposition of the income tax—a law that brought on Mr. Wilson's "psychological" business depression, now attributed to the European war. It became notable, moreover, for the passage of the sundry civil bill with its provision exempting labor from the operations of the Sherman law, for which President Wilson saw fit to apologize, but to which principle since he has made abject surrender by acceptance of sweeping provisions to the same effect in the Clayton bill, which has been "perfected" after a series of squabbles and delays, which it was hoped might serve to evolve some sort of a measure possessing teeth that could bite, but which never exceeded a slap on the wrist in the brutality of its defined functions. It was the first session, also, which evolved a measure taking deputy marshals and collectors of internal revenue out of the classified service, an act which President Wilson witnessed with some concern, and against the possible evils of which he promised to protect the American public—a promise faithfully kept in the following session by further additions to the ranks of the exempt, 2,400 postal employees and \$100,000 worth of "commercial attaches" among them—further open violations of the spirit and the letter of merit-service law, and the further creation of offices which might be thrown into the longing and loving arms of faithful Democrats without subjecting them to the indignities of a civil-service examination. And the first session gave promise of what was to ensue in the second when the Democratic caucus rejected the proposed budget plan, which was to furnish a clear and succinct survey of appropriations with a view of keeping these appropriations on an economical and businesslike basis.

THEY CALL THEM "ACHIEVEMENTS."

Discussing the "achievements" of the second session, perhaps it would be well at once to refer to the result of the failure of the first session to lay a basis for economic appropriations. As but recently pointed out, the riotous extravagance of Congress, demonstrated by supply measures that exceed all previous records by a hundred million dollars or more, has terrified the men who endeavored in vain to check this further development of the sinister in the tendencies of a Democratic Congress, pledged as it was by the Baltimore platform to restore Jeffersonian simplicity in this particular regard. It was no Republican, but Mr. FITZGERALD, of New York, chairman of the Appropriations Committee, who denounced the spirit of Treasury looting and who spoke solemn but unheeded words of warning to his colleagues on the majority side. And it was no Republican, but a Democrat, Senator VARDAMAN, who declared, arguing on the canal-tolls bill, that this additional betrayal of sacred platform pledge "deserves the scorn of men" and writes "the death warrant of the Democratic Party." And it was no Republican, but Senator REED, of Missouri, who condemned the Clayton trust bill as "a betrayal of the people" and a "toothless and emasculated" measure.

Going further into the affairs of the second session, its claim to being a memorable one rests, in large measure, on the passage of the new currency act, consideration of which was to have been concluded in the first, signed by the President on December 23, 1913, and not yet in operation, a Republican law, the Vreeland-Aldrich Act, tiding the country over the emergency the currency act was supposed to meet. It passed the Trade Commission bill, widely advertised as a part of President Wilson's constructive program, but promulgating no principle not previously approved by Republicans and cordially supported by Members on both sides of the House, whose first prescribed duty will be an inquiry into Standard Oil methods. It passed a coal-land leasing bill for Alaska, likewise uncontested. It passed the toothless Clayton anti-trust bill, previously mentioned, with its curtailment of the injunctive powers of the courts, with its surrender to the demands of the leaders of organized labor. It passed a river and harbor bill of reasonable proportions, thanks to the Republican filibuster against the \$55,000,000 atrocity and its proposed Treasury raid, prevented by the courage and fidelity of Senator BURTON and band of courageous comrades. It stood behind the President, not without the uttered protest of many Republicans and some Democrats, in his remarkable Mexican policy, which resulted in armed conflict, bloodshed, and military adventure, but which it is now hoped may have worked out, in spite of itself and in spite of the menace which yet it carries to the peace of the continent. Once, and once only, it repudiated Mr. Wilson, whose autocratic hold on Congress is probably emphasized by the exception to the rule, when it made it so clear that the appointment of Mr. Thomas D.

Jones as a member of the Federal Reserve Board could not be confirmed because of his connection with the Harvester Trust that he was compelled to withdraw it.

"EMERGENCY" LEGISLATION.

It became a memorable session likewise because of the "emergency" legislation—of greater or less emergency—demanded by the outbreak of the war in Europe, the amendment to the Aldrich-Vreeland Act, authorizing wider distribution of emergency currency; the \$2,750,000 aid extended to Americans marooned in the war countries; the \$5,000,000 war-insurance act; the ship-registry act; all of which were perfected with the aid of Republicans and passed through the House with their aid and approval. Included in the list is the \$100,000,000 "war" tax measure demanded by Mr. Wilson to cover deficiencies created prior to the war by the failure of the economic policies of the Government, which deficiencies Mr. Wilson did not deem it advisable to meet by resort to the Government's rich deposits in the national banks of the country. It includes, likewise, the \$30,000,000 ship-purchase bill, which, under pressure, Mr. Wilson has permitted to go over until the next session, lest Congress on reassembling be afflicted with ennui. There should be reference to the passage of the cotton-futures bill, regulating the cotton exchanges; to the ratification of some 18 or 20 of Bryan's arbitration treaties, whose workableness, in doubt, remains to be demonstrated; to the continued application of the gag to Republicans in the House and to the failure of the Senate to put the same methods into operation; to the Lever agricultural extension bill, which Republicans cordially supported; to the riot of absenteeism, compelling Democrats to resort to a procedure of deducting per diem from the salaries of Members, a method which has not been adopted since the last Democratic Cleveland Congress 20 years ago.

Likewise, it seems meet and proper to refer to the failure of much legislation which was heralded in advance as the rising sun of Democratic progressiveness and constructive ability. Although Mr. Wilson told Congress many months ago that there was "urgent necessity" for it, there has been no rural-credits legislation. The immigration bill, with its literacy test, passed the House moons ago, but sleeps in the Senate. The stocks and bonds bill has gone over. We have not yet apologized to Colombia nor paid her \$25,000,000, nor, indeed, has Nicaragua received the \$3,000,000 Mr. Bryan believes her entitled to. The woman-suffrage and the prohibition amendments remain under the influence of chloroform. Presidential primaries, recommended by President Wilson, and which he thought might be provided without considerable discussion or objection, are yet unborn; citizenship for the Porto Ricans is no nearer than it was. One presidential term and one only remains a beautiful dream. The safety-at-sea bill, demanded by labor, is stilled in conference. Much favoritism has been extended to the South, Confederates replacing Union veterans in the service wherever possible, appropriations giving constant comfort to southern rather than to national ventures and interests, but the Government has not yet embarked on the policy of taking over the cotton crop. The \$25,000,000 designed to help the "good roads" movement and the gentlemen whose particular districts would get their hands into the new pork barrel, yet remain in the United States Treasury—or in the national banks. The cost of living has not yet been reduced.

MORE EXTRA SESSIONS.

And if there should be an adjournment, as proposed, before the next regular session begins on December 7—an adjournment rather than a recess being necessary to provide the Members with their share of the mileage, which they have missed, sadly missed, in the last year—there will be enough work ahead to keep Congress in session for another indeterminate period, and the country may as well resign itself to the probability of another extra session after March 4. For in the three months at the disposal of Congress for the short session all the large supply bills ought to be passed—and Congress has not displayed the capacity for disposing even of its routine work within the time at its disposal—not since Congress ceased to be a Republican institution. And then there is the ship-purchase bill, upon which Mr. Wilson says he will insist; the bill authorizing the Interstate Commerce Commission to supervise railroad stock and bond issues, to the end that there may be no more stock watering; the good-roads grab; the various pending conservation bills, including the general dam bill and the measure to regulate radium-bearing lands; the Philippine independence bill; the ever-present woman-suffrage and national-prohibition amendments to the Constitution; the seamen's bill; rural credits; child-labor legislation; and the usual collection of whatnots and odds and ends.

It is a beautiful, alluring retrospect and prospect—if you like it.

Mr. MANN. Mr. Speaker, I have been wanting for some days to submit an observation or two concerning the cotton situation in the South. I believe that a great Government ought to be able to meet great emergencies, and that while, in the main, we must be guided by the experiences of the past, yet as new situations arise it requires a statesman to meet the actual situation before him without depending wholly upon what he or his forefathers may have done theretofore. The question of the situation in the South is not wholly the result of the European war, in my opinion, but undoubtedly the war situation has made it acute. I think the House made a mistake when it passed the bill designed to injure the cotton exchanges. I think gentlemen are mistaken who think that doing away with the cotton speculator is going to increase the value of cotton. I think gentlemen are mistaken who think that the present situation is in the interest of the speculator. If there were enough speculators in cotton right now, there would be no difficulty in selling the cotton; but the European war has created a situation where it seems to be certain that we really can not in a normal time consume the cotton now in existence. Ordinarily the cotton crop and the raisers of cotton must depend upon the market for cotton, upon the use of cotton for manufacture, but we have reached this situation where we know that the market will not absorb all of the cotton and will not use all the cotton. Even if cotton were to sell for a cent a pound, even if the raisers of cotton were to give it away,

it could rot and would not all be used within the normal time for its use—that is, this crop of cotton, or what is now in existence.

Now, there have been a great many remedies suggested and I do not propose to discuss them. I have not selected a remedy for the situation. I can see the objections to every proposition which has been advanced, and so can any of us. I doubt very much whether advancing money to the banks of the South or depositing money in the banks of the South would reach the situation to any appreciable extent. It is because there is no demand for the whole crop that the price is down and because no one knows to-day what cotton can be purchased for tomorrow that he does not invest to-day, and because they know there will be a surplus at the end of this season people are afraid to buy cotton. Gentlemen have said there are 15,000,000 bales of cotton on hand, and that 30,000,000 people are in distress. I suppose that is an exaggeration, but a large number of people of the United States, in a range covering a great extent of territory, are met with the situation where they not only can not sell cotton at a profit, they can not sell the cotton at the cost of production, they can not sell the cotton for enough to pay their bills, and in some cases can not sell it at all. You have had a system in the South which does not appeal very strongly to most of us from the North, because we are not so familiar with it. We do not raise farm products on the same basis that you raise cotton in the South. At the end of the year when the crop is gathered in the North the man who gathers it does not already owe all of its worth either to the merchant or to the bank, but largely in the South when a man gathers his cotton crop he owes the value of it to the merchant or to the man who has financed him, possibly to his landlord, to somebody, and I am not endeavoring to criticize or express any opinion about the system; that is the fact.

If a man who has raised cotton can not pay his little merchant who has advanced his groceries and other supplies, then the little merchant can not pay the merchant from whom he bought or can not pay the banker from whom he borrowed, and the little country banker can not pay the city banker from whom he has received supplies, and the jobber and the manufacturer in the end are affected. You can not bring bankruptcy over a great section of our country without tremendous injury to the whole country. [Applause.] We have discovered through some of your economic legislation, which to me seems unwise, that many of our mills and manufacturing establishments are closed or running on short time. That is bad enough. We believe it ought to be changed. While we are opposed to what you have done, I believe that the situation in the South demands remedy. If that can be done by the bankers of the country or the financiers of the country through their mutual cooperation, that is a desirable method of doing it. If it can be done by the Secretary of the Treasury, that would be a desirable method of doing it. If it can be done by the Federal Reserve Board, that might answer, but if no one of those agencies or other agency outside of Congress is able to meet the situation, then the statement of this land ought to be wise enough, by mutual aid, discretion, consideration, and help, to find some method, legitimate, without creating a precedent which would injure our country in the end; as I say, we ought to find some way of preventing this tremendous injury to a great section of our country. If a flood was to move in on us we would try to stop it. If a great dam had broken and the water was rushing down to bring destruction, we would try to stop it. I think that Congress ought to have the ability, as I believe it has the patriotism, to find a way, and I hope that we can all cooperate until we do find a way. [Loud applause.]

Mr. Speaker, I yield the balance of my time to the gentleman from Virginia [Mr. GLASS].

The SPEAKER. The gentleman from Virginia [Mr. GLASS] is recognized for eight minutes. [Applause.]

Mr. GLASS. Mr. Speaker, I had hoped before this discussion should end that I might get time enough to present my matured view of this particular subject in its various aspects. But in the limited time of eight minutes I shall only refer briefly to some statements that have just been made by my colleague from Texas [Mr. HENRY].

Nobody, Mr. Speaker, has to impress me with the gravity of the situation in the South. I realize it as keenly as any Member of the House. I believe the House, regardless of party and without respect to sections, is impressed with the gravity of the situation there, and is patriotically resolved to do everything within its scope and power to remedy the distress. But some gentlemen ask us to do that which the Congress has no right to do, things which do not come within the proper function of government; and notable among those who have asked these things is my colleague from Texas [Mr. HENRY]. He stated

a while ago that the Secretary of the Treasury had very recently deposited \$40,000,000 of "the people's money" in New York City to relieve the banks there, alleging that incident as a precedent for some of the remarkable suggestions which he has made in connection with this subject. The Secretary of the Treasury did not in fact send \$40,000,000 of "the people's money" to New York City. He did not send one dollar of "the people's money" there at the time to which the Comptroller of the Currency made reference in his speech at Indianapolis. What the Secretary of the Treasury actually did on the occasion referred to was to express \$40,000,000 of emergency bank notes to New York City upon application of the banks; and subsequently the New York banks loaned an equal amount to the South. At the same time, in the same way, the Secretary of the Treasury sent \$68,000,000 of the same sort of currency to the South, and notified the South that it is entitled to receive \$150,000,000 more of the same sort of currency at any moment that the banks of that section will comply with the law and deposit the necessary security.

Mr. NORTON. Will the gentleman yield?

The SPEAKER. Will the gentleman from Virginia yield to the gentleman from Nebraska?

Mr. GLASS. I will.

Mr. NORTON. Why did he not send the \$40,000,000 to the South instead of to New York, to be loaned to the South?

Mr. GLASS. He sent every dollar to southern banks that they asked for, and is prepared now to send \$150,000,000 more to southern banks if they will ask for it. More than that the Secretary of the Treasury is not at liberty to do. He has no lawful right, as the gentleman from Texas broadly asserts, to "withdraw Government deposits from banks all over the country and place them in southern banks." He has already gone the limit in that direction. In some quarters it is thought he has gone beyond the limit of his legal discretion in making deposits with southern banks. Besides sending \$68,000,000 of emergency notes there upon approved security he has deposited \$26,000,000 of "the people's money" with southern banks out of an available supply of only \$74,000,000. The statute expressly requires that, in making these deposits, the Secretary of the Treasury shall observe equity between the various States and sections. If he has been partial to any section, it is the South.

Mr. HENRY. Will the gentleman yield to me for a question?

Mr. GLASS. I will.

Mr. HENRY. I read the letter of the comptroller into the Record in order that it might speak for itself, and I phoned to him to send me an exact copy of his speech, which he did. What I wanted to ask the gentleman is this question: What security did the Secretary of the Treasury take from the National Park Bank when that bank loaned the State of Tennessee \$1,400,000? What security did the Government take from the National Park Bank?

Mr. GLASS. You mean the New York bank which negotiated the Tennessee loan?

Mr. HENRY. Oh, yes.

Mr. GLASS. He took the security required by law.

Mr. HENRY. What is that security?

Mr. GLASS. I do not know the exact nature of it. The Secretary, I know, took the sort of security required by law.

Mr. HENRY. I have asked the Secretary of the Treasury what security he took for that loan to the State of Tennessee through the National Park Bank, and I have not received an answer.

Mr. GLASS. The Secretary of the Treasury has made no loan to the State of Tennessee. He is not authorized by law to make any loan to any State. The Secretary of the Treasury, in due process of business, deposited \$400,000 of the Government's current funds in the National Park Bank of New York, taking that security which the law exacts. It was not an extraordinary deposit; it was no unusual thing; it was not an unlawful procedure, such as are the things proposed by the gentleman from Texas.

Mr. HENRY. Mr. Speaker, let me ask the gentleman—

Mr. GLASS. The gentleman declined to be interrupted when he had half an hour.

The SPEAKER. The gentleman declines to yield, and can not be interrupted without his consent.

Mr. HENRY. You say the Secretary of the Treasury deposited \$400,000. I say he deposited \$1,400,000, for Tennessee, in the National Park Bank.

Mr. GLASS. That is as misleading as many other things the gentleman from Texas has told the House. The Secretary of the Treasury, in the due process of business, long before the Tennessee certificates matured, made a deposit of \$1,000,000 of public funds in the National Park Bank of New York at the

usual rate of interest to the Government. He did this precisely as he had made deposits of hundreds of thousands of dollars in other banks of New York and elsewhere. The deposit of that \$1,000,000 had no relation whatsoever to the bonded indebtedness of Tennessee. Subsequently the Secretary of the Treasury deposited \$400,000 additional with the National Park Bank and has frankly stated to the public that he used the discretion and power which the law vests in him to make this last deposit of public funds in a bank which proposed to aid a great State to meet instantly its matured indebtedness. The deposit is subject to call, as all Government deposits are, and draws interest until it is called. That is all there is to it. The Secretary of the Treasury did nothing irregular, nothing unprecedented, nothing that was unlawful. He did not loan Tennessee a dollar of "the people's money." Tennessee does not owe the Government a penny. The Treasury simply deposited funds with the Park Bank at the accustomed rate of interest, and the Park Bank, not the State of Tennessee, is responsible for the return of every dollar of the deposit. It was the same process employed by the Treasury in depositing \$26,000,000 of "the people's money" with banks of the South to move the crops and many millions more with banks of other sections for a like purpose. These funds were not loaned to the growers of crops; they were deposited by the Government, at interest, with the expectation that the banks would loan the funds to move the crops. The Government will exact return of the funds from the banks and not from the producers of crops.

While the action of the Secretary of the Treasury in these matters was regular and in no sense dangerous or extraordinary, the gentleman from Texas, on the contrary, has not presented a proposition to the House in aid of the cotton industry that is not absolutely unprecedented and that would not, if ventured upon as a legislative expedient, wreck the fabric of public confidence and cause a constriction of credits which would not only injure the cotton planters of the South but would involve all the business activities of the country in ruin.

With respect to these propositions, what does the gentleman from Texas [Mr. HENRY] really favor as a remedy for the distressing situation in the South? It is of record that he does not favor the same thing one consecutive week after another. He scarcely favors the same thing one consecutive day after another. My friend from Texas first presented a proposition to valorize cotton—to tax all the people of the United States in order to guarantee the price of a single commodity. Thus we of the South, who for years have been preaching and teaching the Jeffersonian principle of "Equal rights for all and special privileges to none" [applause on the Democratic side], now propose, through the gentleman from Texas, to tax all the American people in order to maintain the price of a single commodity. [Applause on the Democratic side.]

Mr. HENRY. Mr. Speaker, will the gentleman yield?

The SPEAKER. The time of the gentleman from Virginia has expired.

Mr. MANN. Does the gentleman want more time?

Mr. GLASS. Yes; I would like to have a few minutes more.

Mr. MANN. Is that agreeable to the gentleman from Indiana [Mr. MOSS]? I ask unanimous consent, Mr. Speaker, that the gentleman from Virginia [Mr. GLASS] may have 10 minutes more.

Mr. HENRY. Mr. Speaker, if the gentleman will couple with that a request that I may have 10 minutes—

Mr. MANN. We have not the time.

The SPEAKER. The gentleman from Illinois [Mr. MANN] asks unanimous consent that the gentleman from Virginia [Mr. GLASS] shall have 10 minutes, and the gentleman from Texas [Mr. HENRY] asks to have 10 minutes. Is there objection?

There was no objection.

The SPEAKER. The gentleman from Virginia [Mr. GLASS] has 10 minutes.

Mr. GLASS. Mr. Speaker, as I recall, the gentleman from Texas [Mr. HENRY] first proposed that \$500,000,000 of United States notes be issued by the Secretary of the Treasury and distributed, indiscriminately and without any sort of restriction, to all of the banks of the United States, to be used in the practical purchase and storage of cotton at a specified price; that the Congress should in this wise tax all the people for the special advantage of some of the people; that the Government should make itself liable to the extent of \$500,000,000 of immediate gold obligations in order to deposit this immense amount of funds with all the banks in the South under directions—the most absurd proposition that the wit of man ever conceived [laughter]—under directions to these banks to loan this money upon a single commodity at an abnormally low rate of interest. In other words, it was expected—

Mr. GORDON. And at a specified price, too?

Mr. GLASS. Yes; at a specified price for the commodity vastly above its prevailing market value. It was, in effect, the valorization of a single commercial product at the expense and certain risk of all the people of the country. It was, in all its details, the most inconceivably chimerical suggestion ever presented to the Congress of the United States for meeting a distressing emergency.

A little later the gentleman from Texas abandoned that proposition and presented another scheme. A few days thereafter he presented a composite bill, on October 9, I believe, and then, three days later, still a different remedy. Which one of the variegated lot of rapidly multiplying remedies does he actually stand for?

The gentleman from Texas has cited here alleged precedents for his general theory of benevolent Government aid, but, Mr. Speaker, there are no real precedents in existence. The gentleman can not point to one. Nothing has ever been done by Congress or by the Government that bears any resemblance to the gentleman's extraordinary schemes.

On the contrary, Mr. Speaker, if the gentleman really wanted to give practical relief to the cotton-growing sections of this country, he had ample opportunity to do it. He not only neglected to do it, but has obstructed the legitimate efforts of the Committee on Banking and Currency of the House to afford that relief. That committee, with but a single dissenting vote, reported three bills to the House which would infinitely relieve the situation in the cotton-growing States. Last Monday the Speaker agreed to recognize me to call up those three bills under suspension of the rules. The gentleman from Texas [Mr. HENRY] served personal notice on me that he would use every parliamentary endeavor in his power to prevent the consideration of those perfectly feasible bills of relief unless the House would at the same time give consideration to his ludicrous proposition. [Laughter.]

One of those bills relates to the reserve requirements of the Federal reserve act. It was unanimously recommended to the consideration of the House committee by the Federal Reserve Board and urged time and again by the Secretary of the Treasury; with but one dissenting vote it was by the Committee on Banking and Currency reported favorably to the House. That bill alone would afford increased credit facilities to the five regional reserve banks doing business with the cotton-growing States of approximately \$296,000,000; and yet the gentleman from Texas, by his obstructive tactics, prevented consideration of that bill after the Speaker had agreed to recognize me.

Following this frustration of real relief to the cotton States, I asked the gentleman from Texas, by request of my committee, for a rule under which the committee bill might be considered; but he has never brought in the rule. Yet he ventures to tell us that immediate legislation, such as he desires enacted, can be had here if only the Secretary of the Treasury will suggest it. He thinks that a serious and repeated recommendation by the Secretary of the Treasury and the Federal Reserve Board of bills really designed to furnish credits to the cotton growers of the South in this emergency should be contemptuously defeated by filibustering tactics; and yet he assumes that a mere suggestion from the Secretary of the Treasury alone would drive Congress into the desperate expedient of empowering that official to sell \$250,000,000 of Government bonds—not to replenish the Government's revenues, but to raise funds to be deposited in State and national banks for the benefit of a single class of citizens engaged in a single industry. He would thus commit the people's money to banking institutions over which the people's Government has no control; to many banks having not a dollar of reserve behind their deposits, some of them without examination requirements, and some banks that not a Member of this House would deposit his own private funds in, and against which the Government would have no legal recourse when the inevitable crash should come.

The gentleman from Texas assumes to say that the House only requires a hint from the Secretary of the Treasury to do this astounding thing. Mr. Speaker, if the thing proposed is constitutional; if it is, in truth, remedial; if it is as imperative as the gentleman from Texas suggests; if it can so readily be done, why wait for advice that the gentleman knows will never be given? Why does not the gentleman from Texas have the House do it without the advice of the Secretary of the Treasury, which he will never get? If the Henry scheme is so comprehensive, so simple, so conclusive, so urgent, why does not the chairman of the great Committee on Rules impress himself upon this House and have it done? Aye, why does he not so impress his views upon his own committee as to bring out a rule for consideration of his amazing series of bills? He confidently

asserts that it is easy to get the House to act, yet he has failed to get his own committee to indorse his wonderful scheme.

As to this talk of Government valorization of a staple product, we are not without light from the lamp of experience, Mr. Speaker. I said just now that the Henry suggestions are without precedent; but something akin to one of his schemes was attempted in the early stages of the Civil War, when the Confederacy was in the fullness of its strength and at the zenith of its expectations. Threatened by hostile forces on the north, with the greatest necessity of maintaining its own arms in its own territory, appreciating the vital value of cotton to the Government's credit abroad and its triumph at home, valorization was attempted by the Confederacy. I want to read to the House, if I may, in a moment, the result of the experiment in Mr. HENRY's field of endeavor. This is a brief extract from Pollard's Secret History of the Southern Confederacy:

Commissioners were appointed to canvass every square mile of territory in the Confederacy. A separate bureau to manage the loan was organized in Richmond, the lamented J. D. B. De Bow being its head. The progress of subscriptions was watched with the greatest solicitude by the public; the reporters of the newspapers visited almost every day the office of the chief commissioner and published the list of subscriptions, to excite the competition of particular districts. On the 20th of July, 1861, it was announced by the Government with ill-restrained delight, and to the lively gratification of the public, that the produce loan, estimated by values, had already reached \$50,000,000 and by the close of the year might be expected to touch the magnificent sum of \$100,000,000.

When the year did close, the produce loan had disappeared. No one knew of it; no one inquired of it; no one cared for it. In reality it had ceased to exist; it had already passed into history as one of the most complete failures and notable absurdities of the Confederacy. The bureau which had been so ostentatiously constructed was discontinued; the office rooms which Mr. De Bow had so handsomely furnished, and which had been the rendezvous of politicians and reporters, were closed and "to let"; and actually all that remained of this magnificent loan were the dead leaves of paper on which its figures had been marshaled.

Mr. Speaker, that is what my colleague from Texas [Mr. HENRY] is inviting this Congress to do. He would impose upon this country a currency system the product of which would be as the dead leaves of paper upon which that valorization loan was printed; a currency system which, as once before I had occasion to point out, was tried by France prior to the period of the Revolution, when that Government engaged in the lamentable business of depreciating the nation's currency by resort to wild schemes of inflation and to projects which were repugnant to every tested principle of sound economics. These schemes brought not even temporary relief; but only misery and crime fast followed in their wake. The French Government, in its frantic but futile attempts to avert the terrible consequences of its financial saturnalia, enacted laws which provided the penalty of fine and imprisonment of persons who discriminated against the country's depreciated currency by refusing to accept it at par with specie. Failing to maintain parity by the penalty of fine and imprisonment, the Government finally passed a law to guillotine every person refusing to accept at face value its miserable, depreciated currency. History does not record that any person of the producing masses or tradespeople of France was guillotined for the offense; but pretty soon there was dreadful retribution for the lawmaking caste and reprisal for maladministration and deception. If this Congress were to respond to these wild propositions of the gentleman from Texas, the cotton growers of the South would not be helped. On the contrary, Congress would be discredited; public faith would be imperiled; our sanity would be suspected; real money would be hoarded; private credit would break down; and I venture to believe that the gentleman from Texas would be the first victim of the indignation which the farmers of that great State would visit upon those responsible for their calamity. [Applause.]

The SPEAKER. The time of the gentleman has expired.

Mr. GLASS. I ask unanimous consent to revise and extend my remarks in the RECORD.

The SPEAKER. The gentleman from Virginia asks unanimous consent to revise and extend his remarks. Is there objection? There was no objection.

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES.

A message from the President of the United States was communicated to the House of Representatives by Mr. Latta, one of his secretaries, who also informed the House that the President had approved and signed bills of the following titles:

October 14, 1914:

H. R. 11166. An act for the relief of Wilhelmina Rohe;

H. R. 15575. An act donating the old iron fence around Vance Park, Charlotte, N. C., to the Mecklenburg Declaration of Independence Chapter, to be placed around Craighead Cemetery, near Sugar Creek Church, in Mecklenburg County; and

H. R. 17764. An act to provide for sale of portion of post-office site in Gastonia, N. C.

October 15, 1914:

H. R. 15657. An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes; and
H. R. 2696. An act for the relief of Thomas Haycock.

COMMISSION OF FINE ARTS.

The SPEAKER laid before the House the following message from the President of the United States, which was referred to the Committee on the Library and ordered to be printed:

To the Senate and House of Representatives:

I transmit herewith, for the information of the Congress, the report of the Commission of Fine Arts for the fiscal year ended June 30, 1914, with accompanying illustrations.

WOODROW WILSON.

THE WHITE HOUSE, October 16, 1914.

COTTON.

The SPEAKER. The gentleman from Texas [Mr. HENRY] is recognized for 10 minutes.

Mr. HENRY. Mr. Speaker, for more than two months I have been seeking a discussion of this question on the floor of the House before the American people. I am proud of the privilege of standing here to-day for the purpose of discussing with the distinguished chairman of the Committee on Banking and Currency [Mr. GLASS] the merits of the proposition that I have had the honor to introduce. The gentleman has my respect, my regard, and my personal affection, because I have served with him in this House for many years, and I hope we are endeared to one another. But when he says I have proposed a wild and chimerical thing to this body I deny it. I might respond by saying that unfortunately every drop of his blood is tainted with the bank man's, and that he is not willing to have the people's money go out in circulation amongst the masses until it has passed through a system of banks, in order that they may charge toll and take their "pound of flesh."

Mr. GLASS. May I interrupt my friend a moment?

Mr. HENRY. Yes; just for one moment.

Mr. GLASS. Does not every one of your bills provide that every dollar to be issued under them shall go through the medium of the banks?

Mr. HENRY. Oh, but that is not all. I will get to that. The gentleman says he does not know what measure I stand for, and that I change from day to day. Let me say to him that on September 22 I introduced a bill, prepared after conference with those interested in the South, dealing with this question, and am ready to join issue with him in this House and before the American people in the arena of public opinion on the propositions contained in my bill. We went before his committee, commissioned by millions of farmers and people in the South, and urged him to report my bill. But the gentleman and some of his colleagues gleefully tabled the measure, so that it might not come to this body where a vote could be had upon it. I challenge him to-day, and challenge the members of his committee concurring with him, to come on the floor of this House and debate with us the merits of the bill introduced on the 22d day of September. It is numbered H. R. 18916.

Mr. GLASS. May I interrupt the gentleman?

Mr. HENRY. I yield for a moment.

Mr. GLASS. You are the chairman of the Committee on Rules, which controls such matters, and you can bring that bill here at any time. Why do you not do it?

Mr. HENRY. If you will ask those members who have not been in accord with me to bring it on this floor next Monday, it will come.

Mr. GLASS. Oh, I shall not ask them to bring it here, because I do not favor your bill.

Mr. HENRY. More than that, I said, "If you will not give us the relief contained in this bill, we will go further. We will compromise this matter with you." and a committee of 16 was appointed by the representatives of the Southern States, and we met in the House caucus room, and there we agreed on a measure that practically every Democrat from the South acquiesced in, and asked the gentleman from Virginia [Mr. GLASS] to report the same, and he refused even to call his committee together to consider it. I want to say to my colleague from the South that we have invoked his assistance to get that matter before this body, and he has failed us.

That conference bill prepared by the Democrats from the South is H. R. 19203, and reads as follows:

A bill (H. R. 19203) for the temporary relief of cotton and tobacco growers of the United States.

Be it enacted, etc., That the Secretary of the Treasury shall deposit in national banking associations and State banks situated in States producing cotton or tobacco, or both, \$250,000,000, or so much thereof as may be necessary to carry out the purposes and under the terms and conditions of this act, to be advanced to the producers of cotton and tobacco, or owners of lands upon which the same was produced, upon cotton or tobacco produced during 1914, at a rate of interest not ex-

ceeding 4 per cent per annum. The deposits herein authorized shall be advanced upon the terms prescribed in this act and under rules to be prescribed by the Secretary of the Treasury. The deposits herein directed to be made shall be apportioned among the several States in accordance with the number of bales of cotton and pounds of tobacco produced therein during the year 1913, as ascertained by the Department of Agriculture.

SEC. 2. That the Secretary of the Treasury shall make and enforce rules and regulations not inconsistent herewith for carrying out the purposes of this act. Said Secretary of the Treasury may fix the compensation for the banks for their services in lending said sums of money.

SEC. 3. That the Secretary of the Treasury shall, in his discretion, either immediately cause to be prepared United States notes to the extent of \$250,000,000 to be used for the purpose of making the deposits in compliance with this act, which said notes shall have all the legal qualities of the United States notes now outstanding, and shall be of such denominations as the Secretary of the Treasury may prescribe; or he may sell not exceeding \$240,000,000 of Panama Canal bonds, heretofore authorized by law, at a rate of interest not exceeding 3½ per cent per annum, and the act or acts heretofore passed authorizing the disposition of said bonds are hereby amended so as fully to authorize the disposition and use of such bonds as is herein prescribed; or, in his discretion, the Secretary of the Treasury may use both the proceeds of the bonds and the notes in order to carry out the purposes of this act, not to exceed in the aggregate \$250,000,000: *Provided*, That such United States notes, should the Secretary of the Treasury conclude to issue them, deposited under this act and not used as prescribed herein shall be returned to the Secretary of the Treasury and shall be destroyed.

SEC. 4. That this act shall take effect and be in force upon its passage.

SEC. 5. That this act shall expire by limitation on the 31st day of December, 1915.

Mr. GLASS. Will the gentleman yield?

Mr. HENRY. I will yield for a moment.

Mr. GLASS. Is it not fair to state that by letter I notified the gentleman that my committee had time and again met and adjourned at his request, and that I declined further to dance attendance upon him until he would ask his Committee on Rules to comply with the request of the Banking and Currency Committee to bring in a rule for consideration of the bill that had been reported by the Banking and Currency Committee for the relief of the cotton growers and tobacco planters of the South? This is the letter referred to:

OCTOBER 9, 1914.

Hon. R. L. HENRY,
House of Representatives.

DEAR MR. HENRY: I have your letter of this date inclosing a typewritten copy of a proposed bill "for the temporary relief of cotton and tobacco growers in the United States," and note your request that I call a meeting of the Banking and Currency Committee for its immediate consideration. In response I desire to say that no bill of the description indicated has reached the Banking and Currency Committee, and you must know that the committee can not formally take cognizance of a mere typewritten memorandum. Should such a bill come to the Banking and Currency Committee by reference, I shall take up with the committee the question of its consideration.

In this connection I draw your attention to the fact that I have promptly responded to every request you have made for meetings of the Banking and Currency Committee to consider bills introduced by you for the relief of the cotton situation, and have cheerfully given hearings to those interested in the subject. On the contrary, last Monday, in the House, you thwarted my effort to have considered three bills ordered reported by an almost unanimous vote of the Banking and Currency Committee, one of which alone would afford credit facilities of approximately \$300,000,000 to the cotton-growing States. These bills are approved by the Federal Reserve Board, and the Speaker promised me recognition to call them up; but you have personally put me upon notice that you would object.

Since the receipt of your request for another meeting of the Banking and Currency Committee I have informally conferred with most of the members, and I find them averse to any further meetings of the committee at your request until you shall have first called a meeting of the Committee on Rules to consider the rule asked for by the Banking and Currency Committee involving the consideration of the bill to which I have heretofore referred as affording additional credit facilities of nearly \$300,000,000 to the cotton-growing States.

Very truly, yours,

CARTER GLASS.

Mr. HENRY. Oh, yes, Mr. Speaker; he had three bills that enlarged the powers of the national banks. They carried no relief to the stricken South. He did ask that. But I want to assure the gentleman that in so far as my feeble ability went I did not intend to allow him to "outgeneral" me and suppress the real legislation that would bring relief to the southern people. And I will say here now that if he is willing to have a vote on the bill introduced on the 22d day of September, H. R. 18916, or the other bill introduced by me for the committee and for the southern Representatives on October 9, H. R. 19203, we will bring them in from the Committee on Rules next Monday and debate the question face to face here before the people. I pause for a reply. Will the gentleman urge the Committee on Rules to bring those bills out of the committee? [Applause.]

Mr. GLASS. I will give the gentleman a reply. He is at all times so amiable and so courteous and so appeals to my personal regard that it is a genuine pleasure to discuss with him.

Mr. HENRY. I want a reply.

Mr. GLASS. I have no objection now, and never had any, to voting on your bills. I shall vote against them, because I think they are absurd. But why does not the gentleman bring them in?

Mr. HENRY. The gentleman is a very courageous man; but instead of asking me to bring them here, why did the gentleman lay them on the table and suppress them?

Mr. GLASS. I laid them on the table because I thought that is where they ought to be. If you think they ought to be here, why do you not bring them in?

Mr. HENRY. Then I ask you to join me in a request to take them from the table. Will you do it?

Permit me to repeat, join with me in requesting to take them from the table. Will you do it?

Mr. GLASS. Why, no; I will not do anything of the kind, because I think they ought to be on the table.

Mr. HENRY. No; you will not do it because you and those cooperating with you have not the courage to meet the issue.

Mr. GLASS. I had courage enough to lay your bill on the table, and I have courage enough to keep it there if I can. [Applause and laughter.] It was a record vote in the Banking and Currency Committee, and the gentleman and the country can see it any time.

Mr. HENRY. The gentleman speaks of courage. I am going to undertake to assert a little courage, too, and, as far as I am concerned, we will not only lay your bill on the table, but will lay it under the daisies and turn its toes to the heavens forever. [Applause and laughter.]

Mr. GLASS. When the cotton growers of Texas find out what the gentleman has done to deprive them of real relief, they will lay him under the daisies and turn his toes to the heavens. [Laughter and applause.]

Mr. HENRY. You have not the courage to bring the matter before Congress. I challenge you now to meet us in the open at the bar of public opinion. We are ready to call on the battle.

Mr. MANN. Mr. Speaker, so much of the time of the gentleman has been taken by interruptions that I will ask the gentleman if he will accept 10 minutes more if he can get it. [Laughter.]

Mr. HENRY. I do not care to trespass upon the time of the House. Is my time up, Mr. Speaker?

The SPEAKER. The gentleman has two minutes remaining.

Mr. HENRY. Here are the bills in order—one introduced on the 22d of September and the other on October 9, when we tried to get you to agree, and you would not agree, to deposit five hundred millions in money in the South, and you would not help to issue the Panama Canal bonds, and you would not assent to the issue of United States notes; and then we went back, the southerners, and got together and tried to agree, and did agree, and said, "Deposit \$250,000,000 in our banks and let us sell the Panama Canal bonds or issue United States notes as we did during the war," and you refused us even that request. That is all we ask. We ask nothing unusual, and I will say that my bill follows the precedents and well-marked lines that have been made for more than a century and we will put the people's money where the producer of cotton can secure it and require these fiscal agents to loan it to the producer of cotton or tobacco in those Southern States. Is there anything unusual about that? We provide that it shall not exceed 4 per cent interest. Is there anything wrong about that? We provide that those banks shall be fiscal agents of the Government, and is there anything wrong about that? We have done it more than a hundred times. And then, in section 2 of this last bill, we give the Secretary of the Treasury colossal power. We give him plenary authority to loan this money either through the banks or directly to the producers of cotton or tobacco, and I challenge you to the combat, and those who have always helped you to smother this legislation, to give us a vote; and with the aid of the patriotic gentleman from Illinois [Mr. MANN] we will draft a bill and put it through the American Congress and save the southern people from this distress and rescue their billion-dollar crop already produced. [Applause.]

The SPEAKER. The time of the gentleman from Texas has expired. The gentleman from Indiana [Mr. MOSS] is recognized for 30 minutes. [Applause.]

Mr. MOSS of Indiana. Mr. Speaker, the subject of rural credits has received nation-wide discussion. This agitation grows out of the admitted need of better credit facilities and a lower interest rate for our agricultural population. In comparison with the leading nations of Europe, the American farmer pays a higher rate of interest and borrows under harder terms. This statement is true whether it be applied to personal or mortgage credit. The farmer is under like disadvantage if the comparison be with the American business man. I am aware that this latter statement has been challenged, but I refer those desiring absolute proof to Senate Document No. 214, part 3, which contains a report made to the United States commission on rural credits by special commissioners appointed by the governors of every State in the Union. This discrimination grows out of the fact that the bankers and business men are one and the same class of men, representing the same general financial interests. This important relation is emphasized by Mr. Henry B. Joy, president of the Packard Motor Car Co.,

in a letter to Mr. A. W. Shaw, publisher of *System*, at Chicago, under date of September 3, 1914. Mr. Joy said:

As a matter of fact, the bankers of the United States are the business men of the United States, and the banks of the United States are the bulwarks of the business of the United States, and their interests are the same and mutual. Both are run by the same people.

In this short statement by one of the leading business men of the Nation is contained an unanswerable argument for the creation of a new system of banking in the United States which shall be the bulwark of the agricultural interests and which shall be controlled by the farmers of the Nation. Our purpose must be to organize rural-credit banks which will be run by the same people who do the farming and who own the farms of the Nation.

This statement of Mr. Joy is in entire harmony with the definition of a commercial bank which a leading banker recently gave to the public press:

The real business of a bank is to gather together the current deposits of the people and amass them into a body of liquid capital that can be loaned out to people engaged in a commercial business.

These representative utterances on the part of business men and bankers furnish in part the explanation why rates are higher and terms harsher to farmers than to business men. Senator HOLLIS, who is chairman of the Senate Subcommittee on Banking and Currency, stated on the floor of the Senate recently that the annual interest rates on farm mortgages in the United States vary from 5 per cent to 25 per cent, including commissions and renewal fees. This statement, incredible as it may appear to those who have made no careful investigation, will be accepted as conservative by every student. The evidence now available from official sources and gathered by agents of the Government is conclusive that interest rates to farmers in many if not in all sections of the Union are usurious and prohibitive, so far as such loans yielding to the farmer profitable returns when applied to productive uses on the farm. Therefore a new banking system is imperatively demanded—a banking system which shall not be under control and domination by the commercial interests of our cities, but which will be dedicated to the exclusive service of agriculture, to the right development of rural communities and rural interests, to the rational promotion of better business on the farm and of better living among farmers.

This legislation has been promised by the representatives of all political parties. No man now in public life can honorably deny the pledges given to the people by his party, and woe be to that man or party who tries to repudiate such solemn obligations.

No plausible excuse can be offered for any delay beyond a reasonable time for consideration and study of the various proposals which may be submitted on this subject. Many bills have been introduced in Congress. In the main these several bills represent the individual views of their authors. There are two bills, however, each of which represents the conclusions of a group of men after careful study and wide consultation. I refer to the Moss-Fletcher bill, framed by the United States Commission on Rural Credits, and the Bulkley-Hollis bill, framed by the joint Subcommittee on Banking and Currency of the House and Senate. I shall confine my present remarks to a comparison of these two bills, referring to them as the commission and committee bills, respectively.

It is fair to say that the commission bill is the oldest in point of time; in fact, it is the first bill to be presented on mortgage credit which attempted to organize a distinctively American system of mortgage banks. The hope of the commission was not to draft a completed bill, perfect in all details. We were not so ambitious. Our purpose was rather to present in legislative form the fundamental principles which must underlie legislation on this most important subject. All data gathered and all conclusions formed by our commission after nearly a year of travel and study were placed before the subcommittee, and in so far as the individual members of the commission could be of service to them there was the fullest collaboration. The bill submitted by us was the first draft, with no benefit of revision which comes from wide publicity, discussion, and criticism. Speaking of the relation between the committee bill and the commission bill, Senator HOLLIS stated to the Senate that the two bills are in all respects similar, but that the framework of the commission bill had been changed and, in his opinion, numerous improvements had been added to it, but that the work of the United States commission was really the basis of the work of the subcommittee. This statement by Senator HOLLIS is a very generous acknowledgment to our commission, which will be sincerely appreciated by its membership and which largely compensates us for the pioneer work we did in this field. I wish to emphasize the fact that these two bills differ principally in administrative detail and

not in principle or purpose; they are not, therefore, in any extreme sense antagonistic or in opposition. I have no doubt that further study and discussion would materially improve either of them, and I am equally confident that those who have worked to bring them to their present state of perfection would gladly welcome suggestions toward further improvement.

In the wide meaning of the term rural credits embraces two distinct classes of banking operations—short-time or personal credit, and long-time or mortgage credit. There are three distinct types of banks organized to carry on these several banking operations, viz, banks extending short-time credit based on personal or collateral security, banks which give long-time credit based on land values as security, and mixed mortgage banks, which extend both personal and long-time credit and accept both classes and kinds of security. Mortgage banks are further divided between those which loan on rural real estate only and those which extend loans on urban as well as rural real estate. The commission bill seeks to organize a system of pure mortgage banks, limited to loans on rural real estate for productive purposes and within certain limitation as to amounts which can be loaned to any one person. This principle was accepted by the committee practically as proposed. Their limitation as to purpose and amount is more severe, while their central bank is given the right to purchase mortgages on urban real estate. The proposal to exempt capital stock, mortgages, and bonds from all State and national taxation was also accepted and appears in the committee bill. This was the most radical feature of our bill, and the only one which contains a subvention from the public or a special privilege which in effect amounts to a subvention. In Indiana mortgages are now taxed at their face value; the average rate of taxation is around 3 per cent. It can readily be seen that an exemption from such taxation is the equivalent of large favor or indirect subsidy from the Government. On the other hand, our commission deemed this concession of vital consequence, and that without this exemption it would be impossible to organize such banks in many States of the Union. As some States tax mortgages at full value, some tax them only partially, while others exempt them entirely, uniformity of conditions can not be produced in any other manner. Again, the credit instrument created is a land bond. This bond is in the nature of a duplicate for the mortgage on which it is based and instead of which the bond is issued. To tax both bond and mortgage is to impose double taxation on debt. The commission frankly rested its bill on the acceptance of this feature, and, in my opinion, no bill can be drawn which will be successful in operation without the incorporation of this provision. The acceptance of a land bond as the credit instrument to be issued by the banks, based on their assets and credit capital under rigid governmental supervision and without express Government guarantee, is the basis of both bills. The features of the committee's bill which give direct governmental aid is the subscription by the Secretary of the Treasury of capital stock to the central bank in case private capital or subscriptions by States do not amount to \$500,000 in each Federal reserve district, and the possible purchase of certain amounts annually of land bonds. Direct Government guaranty is not given to the bonds under the committee bill. The extent to which the Federal Government could be obligated for the ultimate payment of these land bonds is measured by the amount of capital stock which might be subscribed by the Government in the various central banks, and the liability is that of the owner of capital stock in the bank, and carries with it the alternative advantage to share in the profits of the bank. In no proper sense is it a Government guaranty and lends no security beyond that given by any other solvent owner of capital stock of equal amount.

The essential feature of mortgage credit as proposed by rural credits and as differentiated from other investment banking is a guaranty fund maintained by the bank issuing land bonds to insure the prompt payment when due of both principal and interest on the bonds. The principal security for the ultimate repayment of all liabilities is the land values pledged under mortgage; but to guard against temporary default in payment by the real borrower, the mortgagor, and thereby insure the prompt redemption of every promise to pay to the real lender, the bondholder, the banks issuing these land bonds are required to collect and to maintain a security fund pledged for this particular purpose, and which can not be diverted to any other purpose. This surety fund is required to bear a certain fixed proportion to the volume of bonds in circulation. Both bills seek to provide this insurance but devise different machinery and distribute the burden in different degrees between the borrower and the shareholder. Each bill requires certain cash and credit capital; broadly speaking, the commission bill requires the carrying of a larger cash capital and the committee

bill pledges a larger credit capital. In addition to the capital and surplus of the bank, each bill authorizes the accumulation of a special redemption fund out of the interest charges. This reserve is mandatory on the part of the commission bill and is permissive in the committee bill. The commission bill requires the bank to maintain a 5 per cent special fund, which is accumulated out of the administrative charges or profits of the bank. The burden of this fund is thus laid exclusively on the stockholders of the bank. The shareholders receive the profits and are required to meet the losses.

Mr. BORLAND. Mr. Speaker, will the gentleman yield for an interruption there? I would like to ask him a question for information.

Mr. MOSS of Indiana. Certainly.

Mr. BORLAND. What becomes of this redemption fund? Where is it invested, and how is it reserved?

Mr. MOSS of Indiana. Mr. Speaker, I will say to the gentleman that I will discuss that matter in a moment.

The committee bill authorizes but does not require the central bank to create a special redemption fund, but secures it by imposing a higher interest rate than could be otherwise charged—that is, by charging a rate on mortgages in excess of the 1 per cent margin which is permitted to be charged as an administrative charge, thus imposing this fund directly and wholly on the borrowers. To state this feature more clearly, each bill limits the bank for its services to a charge not exceeding 1 per cent on the face of the bonds it may have in circulation; but the committee bill permits the bank to increase the interest rate higher than the 1 per cent and to hold the additional interest money as a special surety fund. At the close of a five-year period the bank may make application to the Federal Reserve Board for permission to prorate among the borrowers any balance which may remain in the special fund after paying all losses.

I think that answers the gentleman's question.

Mr. BORLAND. Not quite. What is done with the fund in the meantime? Is it invested or loaned out, or is it held in cash?

Mr. MOSS of Indiana. It is held by the regional bank and, of course, invested as it invests any portion of its capital.

Mr. TOWNSEND. It is a balance held by the regional banks?

Mr. MOSS of Indiana. Yes; it is a special fund held for a special purpose. To go a little further—I do not wish to go into details, as I do not have the time—I may state that this special reserve fund must be segregated as to States, and is held as a special fund to secure the loans held in that particular State. For instance, if the regional bank were to accumulate such a fund to secure Indiana loans, the rate would be imposed only upon the borrowers in the State of Indiana. It would be held by the regional bank as a separate fund to be applied in liquidation of any losses which may arise out of loans made in the State of Indiana; and when this reserve is finally prorated it would go back to the borrowers in Indiana. I think that is a fair statement, is it not, Mr. BULKLEY, of the special reserve fund?

Mr. BULKLEY. That is a fair statement, as far as it goes. I want to make a statement of my own at the proper time.

Mr. MOSS of Indiana. The bill does not require this fund to be thus prorated; it only permits it.

It is thus possible under the terms of the bill for the bank to accumulate a reserve fund which in reality belongs to the borrowers, but which it is not compelled to pay over to the rightful owners. Under the commission bill the bank can in no instance charge a higher interest rate than the 1 per cent over its rate on the land bonds. It is fair to state that, under the committee bill, the borrowers are also shareholders in the local association; but under the most favorable working conditions of the system they can not hold more than 50 per cent of the stock in local and central banks. The net result of the committee method of raising this guaranty fund, even if the balance were to be faithfully prorated to its real owners, the borrowers, would, in my opinion, be to impose slightly higher interest rates during at least the first five-year period. This difference is one of administration and not of principle.

Both bills are identical in requiring all long-time loans to contain a compulsory amortization provision. This feature makes these banks to be saving institutions in the best sense of that term and prevents any person going in debt through their agency for long periods of time without a gradual saving, which is applied toward the reduction of the principal of his debt. Both bills fix the limit of mortgage indebtedness at 50 per cent of the actual value of the land mortgaged and require the banks to hold valid first mortgages equal in face value to the land bonds outstanding. The commission bill fixes the maximum

rate of interest charged on farm mortgages by the rate paid on the land bonds; the committee bill gets the legal rate in control in the various States unless modified by the order of the Federal Reserve Board. Under the powers given to this board it can name the interest rate for any local association provided such rate does not exceed the legal rate in the State where such association is located and without undue discrimination between locals in such State.

Our commission, after a careful study of all European systems of mortgage banks, came to the unanimous conclusion that none of them could be introduced in its entirety, and that a new organization would have to be devised. It is our opinion that this new bank should be patterned after existing American banks as nearly as is practical. We recognized that our system of banking at the time of formulating our report was undergoing reorganization and would probably be radically changed. At the same time it was equally well known that European experience was being drawn upon to furnish the model for the new system. Throughout Europe all commercial banking is conducted through a central bank of issue, and this is equally true of rural credit banks which supply short-term or personal credit. There are more than 17,000 of these small personal credit banks or associations in Germany, all united in one great system and having one central bank, to mobilize the assets of the federated banks. The Monetary Commission's original recommendation for a central bank was undoubtedly influenced by European banking history and experience. It is also true that mortgage-banking Europe is firmly organized with independent banks. So far as European experience gives guidance, it is as strongly for independent mortgage banks as it is for federated commercial banks. The *Landschaften* banks in Germany actually formed a federation with a central bank to issue and market the bonds for the entire federation, it being their purpose to secure a better price for their bonds because of this federation. It was an effort made by experienced bankers to apply the same method of organization to mortgage banking as to commercial banking.

This is an attractive theory, but it failed when applied to the sale of land bonds, and the association has the unique history of being the only mortgage association in Europe which has failed. There can be no gainsaying the fact that independent mortgage banks have a most successful history in Europe. These banks have two general types, that of joint stock and cooperative, and both have an enviable record for success and efficiency.

The commission bill presents an outline for a system of independent banks, each having the full functions of a mortgage bank, and in its organization, administration, and supervision closely modeled after the national-bank law. This law admirably adjusts itself to the machinery of the bank with independent functions, as that was the character of all American banking institutions until the adoption of the Federal reserve system. The committee bill agrees with the commission bill in seeking to organize a system of mortgage banks after American models, but chose the Federal reserve system as the guide. In order to accept this form of organization, a central bank with large capital was authorized to be chartered in each Federal reserve district, which has the sole power to issue land bonds. It is at this point that the two bills diverge so widely in their administrative organization that they can not be harmonized. If either bill is to be accepted without substantial modification, Congress will have to choose between a strongly centralized system and a decentralized one; between independent banks, each exercising the full functions of mortgage banking and a central bank with federated members and the functions of banking divided between the central organization and the federated members, but with the supreme control vested in the central.

It is in the latter power given to the central bank in the committee bill which centralizes power more strongly than in the Federal reserve system. In the latter scheme of banking, member banks are not deprived of their privilege to solicit business independently of the central bank or to contract a line of lawful business which is within their ability to handle. An independent national bank, in becoming a member bank, is permitted to act with all its former independence within the limits of its loanable funds. At its own peril it may discount paper which is not prime within the definition of the banking law and which will not be rediscounted by the regional bank. The penalty imposed by the new system on such action is the refusing of rediscount; but no member bank will apply for such rediscount as long as its own reserves are ample to meet its demands, and it is easily within the range of possibilities that many member banks will rarely apply to the regional bank for rediscounts. It

is evident that State banks are not applying for admission to the federated system, though the door stands wide open and every special privilege granted by law to member banks is being jealously guarded for their exclusive benefit.

This liberty of independent action is not extended to mortgage associations in the committee bill, and we do not have under its terms that happy compromise between centralized and decentralized systems which secures the conservatism of centralization without destroying the utmost development of local business and the fullest utilization of local opportunities. The committee bill reduces all mortgage associations to the level of mere local societies without independent funds, power, opportunity, or prestige. The general character of the proposed mortgage associations is thus described by Senator HOLLIS, one of the joint authors of the bill:

These local associations will approximate the size and functions of ordinary building and loan associations. The office may be in a country store or with a local insurance agent. They will never have a large amount of money on hand. A single officer will care for their simple routine. They will not receive deposits subject to check or loan money on anything but first mortgages.

If to the Senator's description is added the fact that these local associations can not sell or assign a mortgage to any purchaser except to a local association within the system or to the regional bank, their extreme dependence is very well depicted. The local associations can grant loans only as the regional bank will accept mortgages from the local on assignment, and under the terms of the bill the regional bank can exercise full liberty of action and can decline any or all mortgages tendered by any local association. As exclusive territory is allotted to each local association, it follows that only those farmers can be accommodated under the terms of this bill whose mortgages are accepted by the regional bank. The question of giving service to the patrons of the local association is decided, not by the officers of the bank where the farmers live but in the offices of the huge regional bank, located perhaps hundreds of miles away in some other State.

The general scheme of the Federal reserve system is not well suited to the functions of mortgage banking. As applied to commercial banking, the efficiency of the reserve system lies in its ample powers to rediscount prime securities held by member banks. The National Government under our Constitution is given the sole power to issue money, and in the new banking system this power is delegated to the regional banks under certain conditions. The regional banks can control the volume of money available for rediscount purposes, and in this way can accept all lawful business which any member bank may tender. It thus has ample power to insure the proper discharge of all its responsibility.

The regional bank in the rural-credit system of banks does not have such power, and it can not be delegated to it. The regional bank can not issue bonds except as it may find a purchaser for them; it can not sell its shares except on the same terms. The regional bank in the one system has the power to issue money and can thus increase the supply of currency; the regional bank in the other system does not have the power to secure money by issue, but is dependent upon negotiating the sale of its securities in the open markets of the world. This is a very important difference in fundamental powers. Because of this power of issue it is very proper that the first bank be given a monopoly of supplying credit. Under the limitations imposed on the second it is fatal to the largest usefulness of the system to clothe it with exclusive rights and jurisdiction.

Rural-credit mortgage banking—that is, mortgage banking which issues land bonds to lenders of money and requires mortgages on real estate from borrowers—comprises two distinct operations. The appraisalment of land values and the examination of land titles is the first division; the selling of land bonds is the second. The draft of any law will be materially influenced by the view which its author holds as to the relative importance of these two necessary and coordinate operations. The successful lending of money on real estate necessitates the correct appraisalment of land values. This, in my opinion, is the crucial test of mortgage banking; and whatever bank or system of banks, either independent or federated, which loans money on real estate, the stable market value of which has been correctly gauged by its agents or appraisers, will never meet financial disaster, but if the work of appraising be carelessly or faultily performed, the bank will ultimately fail, because the insurance fund will be absorbed by absolute losses and in the purchase of defaulted real estate. As a mortgage bank's outgo to its bondholders is always less than its income from its mortgagors, it is equally evident that an honestly managed bank can always meet its liabilities if it is able to collect its full revenues. In respect to its financial solvency, a bank doing a large volume of business is not in a

stronger position than a smaller mortgage bank, because its assets and liabilities are always in proportion.

The SPEAKER. The time of the gentleman has expired.

Mr. MOSS of Indiana. Mr. Speaker, I ask the privilege of extending my remarks in the Record.

Mr. BULKLEY. Mr. Speaker, I ask unanimous consent the gentleman may have time to conclude.

Mr. MOSS of Indiana. I would desire about 10 minutes.

The SPEAKER. The gentleman from Ohio [Mr. BULKLEY] asks unanimous consent that the gentleman may be allowed to conclude his remarks.

Mr. MANN. Well, fix some limit of time.

Mr. BULKLEY. Fifteen minutes.

The SPEAKER. Is there objection to the request of the gentleman from Ohio? [After a pause.] The Chair hears none.

Mr. MOSS of Indiana. Thus the whole question of solvency pivots on the question of appraising of land values and the validity of land titles.

Unfortunately, most students of this banking problem approach it from the standpoint of a bond buyer—the question of securing money to loan is uppermost in their minds—so the whole machinery is staged from the one extreme of issuing bonds by the Government to an elaborate system of federated banks which depends upon the Federal Treasury for capital to secure a charter, and is then dependent upon further grants of public moneys to create a market for its securities, that it may transact business after its charter has been granted. This latter scheme is not unlike Pat's system of keeping a family cow. When asked how he fed his cow, he replied that she required no feed, as she sucked herself. As this question of independent or federated banks is a fundamental one to determine the administrative machinery, and, I also believe, to determine the ultimate success or failure of any system which may be organized, I wish to discuss it in some detail. As stated, the history of European mortgage banking is against the federated and in favor of the independent bank. The history of our own country is equally emphatic when rightfully studied. The building and loan societies are conducting a business in many respects similar to the proposed scheme of mortgage banking. In Indiana we have modified our State law to permit them to issue land bonds, and the State acts as fiscal agent in both appraising the lands and in holding physical custody of the mortgages to secure outstanding bonds.

Mr. PLATT. Will the gentleman yield?

Mr. MOSS of Indiana. With pleasure.

Mr. PLATT. Before the gentleman gets too far into that, I want to see if I get the gentleman's main point. The gentleman does not object so much to the federated scheme of mortgage associations as to the fact that none of them will be allowed to sell bonds on their own hook. Is that the idea?

Mr. MOSS of Indiana. Precisely. I have no objection to the general administrative scheme of the committee bill if it were not exclusive. I am aiming my argument against that feature of the committee bill which does not give any liberty of independent action to the local bank to take advantage of local opportunity. It is my belief that in many sections of the United States where agriculture is well developed independent mortgage banks will be stronger than any system of federated banks.

These associations are moving gradually but surely in the direction of making farm loans on the amortization or fixed-payment plan, and granting unrecalable loans under certain agreed terms. No financial institutions in the United States can show a better record for achievement than can these associations, and this record has been made as independent societies which have been able to attract capital to their enterprises by reason of their solvency, their successful management, and to the most important fact that they are devoted to the permanent improvement of local interests. It is most significant in their history, as it is in the history of European mortgage associations, that national associations have been tried and have proven to be failures, while local associations have been almost uniformly successful. The successful experience of building and loan associations can not be overlooked by those who are to draft this new legislation. It is a history of independently managed financial institutions of moderate capital, controlled by local men of average ability and reputation, each association exercising full power and accepting full responsibility. It may be said that these associations have only been organized in well-settled communities, where industry is well organized and lands have acquired stable values. I admit it and confidently assert that no successful system of long-time rural credits, where unrecalable loans are granted for periods of 30 years or longer, has been operated in sections where farming represented an extrahazardous calling.

The advantage claimed for a large central bank is that such an institution will be able to place bonds more readily in the markets of the world, and thus will create a larger volume of business.

Before examining this contention critically I desire to mention that such a bank will be called upon to float immense volumes of bonds if it is to supply the needs of credit over such large areas as are comprised in our Federal reserve districts. Under the committee bill large favors are granted which amount, in effect, to very considerable governmental subventions. These institutions are given a monopoly of supplying credit under these conditions. No other institutions can have the same privileges under Federal law. The action of the President in vetoing a measure because it extended to State institutions certain privileges which under existing law are enjoyed exclusively by member banks of the Federal reserve system only shows the attitude which may be confidently expected to be assumed to protect these new banks in whatever special privileges may be granted them by Federal law.

Under the terms of the committee bill there can be but one bank in every Federal reserve district which has the power to issue land bonds. No member bank of the federated system—that is, no local mortgage association—has the right to dispose of its mortgages except to a bank within its own system. All mortgages must be assigned to the central bank or disposed of to some other local association. These associations must either be able to accept all applications for loans or else will have to exercise the right of selection among applicants. That will mean that certain citizens will be favored and others equally deserving will be denied service by a governmental agency, and one endowed in part at least with public moneys. It ought to be accepted as an axiom that where the Federal Government enters a field of legislation it should fully occupy that field. That is, the law should be broad enough in its terms that any citizen who can comply with its terms, and is willing to do so, may secure service or protection under the statute. But under the committee bill a monopoly of issuing credit instruments is given to one agency with the full knowledge that such institution can not serve all qualified citizens who apply for service, and which may, indeed, be able to serve but a very small portion of the public who are entitled under the law to share its benefits.

Mr. STEENERSON. Mr. Speaker, will the gentleman yield?

Mr. MOSS of Indiana. While I would prefer to proceed a little further without interruption, I will, however, yield to the gentleman at this time.

Mr. STEENERSON. I would like to know if the gentleman can find in either of these plans anything that would favor the man who cultivates the land himself, who seeks to acquire an ownership of it, as against the man who owns the land and cultivates and exploits it by means of a tenant? In other words, if there is anything to encourage the owning of land by the actual cultivator of the soil rather than to encourage landlordism in the country?

Mr. MOSS of Indiana. I will say, in answer to the gentleman, that I did not deliver any introductory remarks to my address in order to save time. I am certain that the gentleman from Minnesota is fully aware that there are two distinct rural-credit plans of banking—one for those who do not own land and one for those who do own land; and inasmuch as there is no bill pending before the Congress to create personal-credit banks or banks distinctly for those who do not own land, I was discussing the two measures which relate to mortgage banking, one of which had been submitted by the subcommittee of the Committee on Banking and Currency and the other by the United States commission. It is manifest that mortgage banks can be useful only to those who hold title to land or who may by purchase acquire such title. Either bill permits the purchase of land partly on credit and the mortgaging of the title for part of the purchase price. However, that does not preclude anyone from framing a bill which will grant personal credit and which can open accounts with tenant farmers.

Mr. STEENERSON. The gentleman is aware that tenant farmers, of all interests, are protected, of course, as the agricultural land increases in value.

Mr. MOSS of Indiana. I am very well aware of that, but I do not desire at this time to discuss the general problem of rural credits. I was discussing propositions which have actually reached a legislative stage. We will undoubtedly enact legislation on this subject this winter. I take it that the work of the subcommittee will form the basis of that action, and I feel that any discussion in the House should be directed toward perfecting these measures.

For example, a local mortgage association is organized in my home county, which is one of the best agricultural counties in

the Union. Under the terms of the committee bill any resident owner of farm lands within the territory assigned to the association is entitled to make application for a loan for certain specified purposes. The association, however, can grant loans only as the central bank will accept mortgage on assignment. The central bank can secure loanable funds only as it may be able to sell shares and land bonds. It is easily conceivable that the central bank will not be able to supply the money to accept all or even a considerable portion of the loans applied for. Under the terms of the bill it may refuse to accept any mortgages. The operations of the various central banks are under the direct supervision of the Federal Reserve Board; it is left to the discretion of this board to purchase all or any part of \$50,000,000 of land bonds in any one year. Here are all the elements for undue favoritism if not for political pressure. If the result of the system is not to give lower rates and more favorable terms, it is a failure; if important advantages do follow and are given to only a portion of the applicants, we will have strong dissatisfaction if not political scandals and absolute political manipulation.

Mr. SMITH of Idaho. Will the gentleman yield for a question?

Mr. MOSS of Indiana. I will.

Mr. SMITH of Idaho. If the prevailing rate of interest in the various localities is to govern on these loans, where is the farmer to secure special benefits from the proposed legislation?

Mr. MOSS of Indiana. Under the bill framed by the commission, the bank could not charge the farmer borrower a rate more than 1 per cent higher than it paid to the bondholder. The bonds were freed from taxation, and are made absolutely a safe investment by safeguards which have been thoroughly proven. Naturally, under these conditions, the rate will fall to the lowest level which the prevailing financial conditions will permit. The farmer borrower benefits directly, because his rate will fall precisely in the same degree that the rate on the bond falls. I am positive that under open competition among banks this administrative charge will fall well below the maximum of 1 per cent. Whatever reduction is made in this charge means an equal reduction in the farmer's rate. In Europe well-established banks charge only thirty-five one-hundredths of 1 per cent for their services. As land bonds are sold at as low a rate of interest as Government bonds, it follows that farmer borrowers get their money at an interest charge of only thirty-five one-hundredths of 1 per cent higher than the Governments of Europe borrow for public purposes. When the system becomes well established in this country, under exemption from taxation, it is absolutely certain that interest rates on farm mortgages will closely approach the rates on money paid by municipalities, States, and Nation for money for public purposes. We are not asking for greater results.

There can be no justification for that provision in the committee bill which forbids a local association from assigning its mortgages to any purchaser except the central bank or a local association federated with the central bank. The central bank is not obligated to accept the mortgages when offered by the local association, but the local association is forbidden to dispose of its securities in any other manner. The result is that the activities of the association are limited to whatever business the central bank may allot to it. The requirements of different sections of our country for capital will vary widely. Generally speaking, that section where farming is most highly organized after intensive methods will absorb largest volumes of money. It is in such sections that local tax rates will be highest, and therefore the favors extended under the bill will be greatest. It is in such sections that a volume of capital can be attracted to local securities based on local real estate. If these transactions could be granted the exemptions from taxation, the aggregate volume of such capital would be immense. The rates in such communities would be lower than those generally prevailing over large areas of average farm territory in the United States, and the consequent advantages to agriculture would be transcendent. To illustrate this thought, I may say that we in Indiana are selling tax-free 4½ per cent bonds at a premium. These bonds are issued by the various townships in our State, and are sold by inserting advertisements in our State papers. There are many million dollars of these bonds now in circulation, and more are being sold every business day in the week.

Mr. CULLOP. Mr. Speaker, will the gentleman yield?

Mr. MOSS of Indiana. With pleasure.

Mr. CULLOP. Will the gentleman permit a correction? They are county bonds instead of township bonds, but the property of the township in which the improvements are made and for which they are issued is alone taxed to pay the bonds so issued.

Mr. MOSS of Indiana. The gentleman's statement is technically correct. The county issues the bonds, though they are

township bonds in every sense of the word, and are issued by the county in order to avoid the extremely low constitutional limit in our State of 2 per cent. By this legislative device it is often possible for a township to exceed its constitutional limitation of indebtedness. The county is in no sense responsible for any payment in case of default in payment.

Last April the great State of Tennessee offered an issue of State bonds bearing a rate of $4\frac{1}{2}$ per cent at par, and not a single subscription from any source was received. At that very moment hundreds of lots of township bonds bearing $4\frac{1}{2}$ per cent were being sold in Indiana at a premium. Indiana farmers were denied the benefit of this low rate on money because of our law taxing mortgages. In Ohio a change of law, whereby municipal bonds were made subject to taxation, stopped the sale of such bonds until the rate of interest be raised. Under date of September 26, the Brazil Trust Co., a local financial institution in my home county, purchased \$12,000 of local bonds at par and accrued interest; on the same day Mr. Thomas Wirt, a citizen, took \$2,000, paying a premium to secure them. In contrast to these modest transactions, which are truly representative of a very large volume of similar transactions, I may mention that the State of Tennessee has had serious trouble to place an issue of its State bonds. If press reports be true, a bankers' commission representing the State, and working in cooperation with the United States Senators for that State, failed to sell an issue of a million dollars in bonds at 6 per cent, and the Secretary of the United States Treasury only succeeded in negotiating the sale by making a special deposit of \$400,000 of public funds in the bank which purchased the \$1,000,000 of Tennessee State bonds.

The SPEAKER. The time of the gentleman has again expired.

Mr. MOSS of Indiana. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Indiana? [After a pause.] The Chair hears none.

Mr. MOSS of Indiana. The city of New York recently paid a syndicate of bankers 6 per cent for a hundred million dollar loan; at the same moment bonds bearing a rate of $4\frac{1}{2}$ per cent and issued by our townships are actively selling among our own people at a premium. Yet the committee would have us believe that it will require an elaborate selling agency, under control and domination of the Federal Reserve Board, to sell bonds based on improved Indiana farms and underwritten by an association of Indiana farmers, for this is the committee plan.

The method of securing capital stock for the proposed regional banks does not insure that these banks will be able to discharge the full duties imposed upon them under the terms of this bill. Of course, a failure at this point is a failure of the whole system. The bank in each reserve district can be organized with a minimum capital of \$500,000; this amount must be subscribed by the Secretary of the Treasury if the full amount is not taken by other subscribers within 90 days from date of offering. The power of the Secretary to subscribe to the capital stock in these banks is limited to the first issue. Thereafter all increases in capital must be secured from the federated associations, individuals, or the governments of States. The local associations are not required under the terms of the bill to take capital stock in the regional bank in excess of 10 per cent of their own capital, but under the ratios fixed in the bill the central bank is compelled to sell \$9 in capital stock to individuals, firms, corporations, and States to every dollar which is required to be subscribed by the local association. The power of the central bank to issue land bonds is limited by its amount of capital stock. It therefore follows that if any central bank were to meet with difficulty in selling its capital stock it would be embarrassed in accepting mortgages from the local associations, and could not furnish these associations with loanable funds. This method of securing capital stock of the committee bill is evidently taken from Hungarian mortgage institutes which have a similar control and ownership of capital stock. The history of these two institutes has, therefore, great value and bearing on this provision of the bill. In speaking of this feature one of the directors made this statement to our commission:

From the point of view of conservative management this system is an extremely practical one, but there is no denying the fact that it has its defects, too. The enthusiasm excited by the foundation of such institutes in time dies away, and then the further increase of the foundation capital becomes a matter of grave difficulty. In this respect the Hungarian National Land Mortgage Institute is remarkably fortunate. For five decades it has been in position to amass considerable reserves, and its sphere of activity has not widened as a result of economic progress to the same extent as that of the National Small Holders' Land Mortgage Institute. The latter, however, undoubtedly experiences grave difficulty in acquiring foundation capital to meet the requirements of such developments.

The stock of these two national institutes is permitted to pay 5 per cent dividends, which in Hungary is more than the equivalent of 6 per cent, which is the rate permitted under the committee bill. Hungary in area is not larger than a single American State and not nearly equal in area to some of the Federal reserve districts. These two institutes were each endowed with \$200,000 capital by the State, as against the \$530,000 provided in the committee bill for one central to supply a Federal reserve district. This sum has been supplemented by private subscription, after the method of the commission bill. After 50 years of operation these two State-endowed mortgage institutes hold less than 20 per cent of the real-estate mortgages in Hungary and confess their difficulty to obtain further capital. With this record, which was obtainable from the United States commission's report, the committee chose this model to supply mortgage credit for a nation of 100,000,000 people. The Government of Hungary extended to every other banking institution in the Kingdom exactly the same privileges which were given to these partly State-endowed institutes, except the stock subscriptions. Private capital and private initiative were permitted to compete for business on equal terms with public capital. Unless a similar modification be made in the committee bill and it were enacted into law, unless their banks make a more favorable growth in the United States than their models did in Hungary, only one farmer in every five will receive accommodations at their hands in the next 50 years.

In connection with Hungary's wise legislation, extending to all mortgage banks in the Kingdom the privilege of issuing land bonds under equal conditions of security, I can not overlook the fact that we have in the United States many well-established banking houses which do a large investment banking business. Many of these firms do an exclusive mortgage business. They have corps of trained men, established reputations, and large clientele. Many of these firms would gladly accept Federal charters, welcome the most rigid Federal inspection, and capitalize their banks more heavily than is now required under national law for commercial banks. These bankers would be able to sell large volumes of bonds and would greatly extend the activities and benefits of this legislation. The committee bill makes it impossible for these established banks to accept a national charter, and thus deprives rural credits of their assistance and support. Cheap credit on favorable terms is, or should be, the purpose of this legislation; and no national law should be enacted which by deliberate intention proscribes men from working under its terms by adopting regulations which have no other effect than to prevent any well-established banker from complying with them without destroying his established business.

Personally I am opposed to the placing of the system of rural credit banks under the control of the Federal Reserve Board. This board is rightfully to become a powerful agency in the control and supervision over commercial banking. The removal of the Secretary of Agriculture as a member of this board, as suggested in the early drafts of the Federal reserve act, was an expression by Congress that this board was to devote its services exclusively to commercial banking. Surely no friend of rural credits would propose to remove the Secretary of Agriculture from a board which was to control and supervise rural banking. Under the committee bill this board is given the extreme power to control the interest rates, subject only to the State laws of usury.

The proponents of the bill evidently realized that as a complete monopoly of selling credit under the special privileges conferred by the bill was centered in the members of the system some check against extortion was necessary. The bill itself permits local associations to charge the full legal interest rates of the several States. The exemption from State and National taxation will make possible a reduction in rates of at least 2 per cent from the lowest of those now prevailing in mortgage loans. Free competition would insure that borrowers will receive the utmost of that reduction. Competition between chartered banks of equal power in Europe gradually reduced the administration charges from 1 per cent to an average of thirty-five hundredths of 1 per cent, which means a further reduction in the annual charges of sixty-five hundredths of 1 per cent. In purely mutual or cooperative mortgage banks this administration charge has been reduced as low as 0.15 per cent annually. Under the committee bill the banks are permitted to charge 1 per cent, and no means is provided to reduce this charge. The Federal Reserve Board can order the interest rate reduced, but is given no power over the administration charge, and no competition is permitted by other institutions enjoying any of the special privileges of those chartered under the bill. I shall regret to see the interest rate which the borrowers under any system of rural credits will be compelled to pay left to the or-

ders of the Federal Reserve Board. This board is not given that power over commercial banks. It is given the power to fix the rate of rediscount by the Government, but the rate of interest charged by banks to their customers is governed by the laws of the State and the power of competition. It is true that the Secretary of the Treasury has recently called attention to interest rates which, under the circumstances, he considers exorbitant; but that is not the exercise of any legal authority. I personally visited an association of rural-credit banks in lower Austria—450 in number—which were loaning money for short-time periods to their members at $4\frac{1}{2}$ per cent when the Government discount rate was fixed at 6 per cent. It is not conceivable that the Federal Reserve Board will ever order a lower rate in rural-credit banks than in commercial banks. It is the high rate of the commercial banks that this movement is projected against. Ultimately we propose to organize a system of personal-credit rural banks. The mortgage bank is but the first step in the campaign for a complete system of rural banking with short-time and long-time credit for the farmers of the United States. This campaign can never be successful if we place the absolute control over interest rates in the same board which supervises and virtually manages the commercial banks of the Nation. There will be competition between the two systems of banks. This is inevitable and it is desirable; but what chance will there be for successful competition if at the very beginning a monopolistic system of banks is created, with the supreme control—even to the extent of dictating absolutely the rates of interest to be charged—given over to the same body or board which will supervise the system of commercial banks of the Nation?

Whatever may be said of the defects of the commission bill—and, as has been said, the public copy was the first draft, which has never even received a revision at its author's hands—it is free from monopolistic control and is not guilty of seeking to appropriate public money for private uses. Its opportunities are open to all citizens on equal terms. The farms of the United States are now valued at nearly \$40,000,000,000, agricultural products were never selling at a higher level of values, and no generation of farmers since the days of Adam have ever enjoyed so great advantages or had such splendid opportunities. The one crying need is better credit facilities that our farmers may go forward, feed and clothe the world, and enrich themselves by their industry. Here is the most inviting field for the investment banker in the wide world to-day. It is a field which will absorb vast sums of money. In looking about for sources to secure these funds we need not deceive ourselves—this money must come from the American people. The present world war will utterly destroy the so-called world's market for our securities. We will be called upon by impoverished Europe to buy back existing issues of American securities rather than to place new issues in their markets. This striking change in economic conditions has come about since the committee bill was written, but it should be apparent that we must finance our own enterprises. For this reason, among the others enumerated, it will be an act of folly to enact a monopolistic system of subsidized banks and deny to private capital and private initiative all opportunity to enter this vast field of investment and share a part of the great burden of improving American agriculture.

Mr. UNDERWOOD. Mr. Speaker, I move that the House do now adjourn.

Mr. BORLAND. Mr. Speaker, will the gentleman yield for just a minute?

Mr. UNDERWOOD. I will withhold the motion for a moment.

Mr. BORLAND. Mr. Speaker, this day, I think, was private claims day. My understanding is that under some order which was made it was set aside in favor of District day. I ask that next Tuesday, not to interfere with the war-revenue or any other business, be assigned as private claims day.

The SPEAKER. The gentleman from Missouri [Mr. BORLAND] asks unanimous consent that next Tuesday be set aside for the consideration of bills on the Private Calendar, not to interfere with the war-revenue bill or anything else of a pressing nature.

Mr. MANN. Reserving the right to object, I would like to make a parliamentary inquiry. What will come up under that?

Mr. BORLAND. Well—

Mr. MANN. Would it be just as though it were to-day?

Mr. BORLAND. It would take the place of to-day.

Mr. MANN. Bills from the Committee on War Claims?

Mr. BORLAND. There are other private claims besides those from the Committee on War Claims which will be in order.

Mr. MANN. We will try to find out. If to-day had been used for the Private Calendar, the bills from the Committee on War Claims would have been up. I do not think they have

much that is important, but some of them would take time, probably.

Mr. BORLAND. I would call the gentleman's attention to the rule—

Mr. MANN. You need not call my attention to that. I am perfectly familiar with it, and I have looked up the facts.

Mr. BORLAND. The preference is for war claims, but it is not conclusive.

Mr. MANN. We have one under unfinished business that will take the whole day.

Mr. HENRY. Did the gentleman from Illinois object?

Mr. MANN. I did not; but I am going to object.

Mr. HENRY. A parliamentary inquiry, Mr. Speaker. What will come up Monday?

The SPEAKER. The Unanimous Consent Calendar, and suspension of rules, and the discharge of committees.

Mr. HENRY. There is no agreement that that will be District day?

The SPEAKER. None whatever.

Mr. MANN. I think that request excepted Mondays and Wednesdays. This was District day.

Mr. HENRY. Mr. Speaker, I would like to accommodate the gentleman from Missouri [Mr. BORLAND], but I feel constrained to object.

Mr. BORLAND. Let me ask the gentleman—

Mr. HENRY. I will withhold it for a minute.

Mr. BORLAND. Let me ask the gentleman what order of business it would interfere with?

Mr. HENRY. It is continuous—

Mr. BORLAND. I suggest to the gentleman that we will probably be waiting on the war-revenue bill next Tuesday, and we can use Monday to great advantage to the Members of this House on bills of a private nature that have been crowded out by this special order.

Mr. HENRY. I do not think you could use it to as good advantage that way as by taking up cotton legislation.

Mr. MANN. I think we ought to discuss the cotton situation until we can agree upon something.

Mr. HENRY. Rather than to agree to the proposition of the gentleman from Missouri, I would ask unanimous consent that next Tuesday be set aside to discuss the cotton situation.

Mr. BORLAND. I could not consent to that to the exclusion of other business.

The SPEAKER. You can not have two things pending at once.

Mr. HENRY. Mr. Speaker, I object.

ADJOURNMENT.

The SPEAKER. The gentleman from Texas [Mr. HENRY] objects, and the gentleman from Alabama [Mr. UNDERWOOD] moves that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 9 minutes p. m.) the House, under its previous order, adjourned until Monday, October 19, 1914, at 12 o'clock noon.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. GRIFFIN: A bill (H. R. 19308) granting to the city of New York a right of way for a street, highway, or boulevard across the United States military reservation of Fort Hamilton, in the Borough of Brooklyn, city and State of New York; to the Committee on Military Affairs.

By Mr. TRIBBLE: A bill (H. R. 19309) for the temporary relief of the cotton growers of the United States and providing for the issue and sale of the Panama Canal bonds and for the deposit of their proceeds in banks; to the Committee on Banking and Currency.

By Mr. MOTT (by request): A bill (H. R. 19310) to provide a cumulative and optional remedy and compensation for accidental injuries, resulting in disability or death, to employees of common carriers by railroads engaged in interstate or foreign commerce, or in the District of Columbia, and for other purposes; to the Committee on the Judiciary.

By Mr. HOWARD: A bill (H. R. 19311) abolishing the Commission of Fine Arts; to the Committee on the Library.

By Mr. SHREVE: A bill (H. R. 19312) to appropriate funds for the erection of a post-office building, with offices for courts, customhouse, and other purposes, in the city of Erie, Pa.; to the Committee on Public Buildings and Grounds.

By Mr. SMITH of Maryland (by request): Joint resolution (H. J. Res. 373) requesting the President to make an offer to the British and Canadian Governments to negotiate in regard to the transfer of southeastern Alaska to Canada by sale or exchange, or both; to the Committee on Foreign Affairs.

By Mr. GITTINS: Joint resolution (H. J. Res. 374) tendering the thanks of Congress to Thomas A. Edison and providing that a commemorative gold medal be struck in his honor; to the Committee on the Library.

By Mr. GOOD: Resolution (H. Res. 650) directing the Secretary of the Treasury to inform the House of Representatives relative to the construction of a central power plant for Government buildings in the District of Columbia; to the Committee on Appropriations.

By Mr. BELL of Georgia: Resolution (H. Res. 651) authorizing the Doorkeeper to employ additional help; to the Committee on Accounts.

PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BRUMBAUGH: A bill (H. R. 19313) granting an increase of pension to Frank W. Tuttle; to the Committee on Pensions.

By Mr. CARAWAY: A bill (H. R. 19314) for the relief of the estate of E. A. Mays, deceased; to the Committee on War Claims.

By Mr. CARY: A bill (H. R. 19315) granting an increase of pension to William Esser; to the Committee on Invalid Pensions.

By Mr. COX: A bill (H. R. 19316) granting an increase of pension to Benjamin Collins; to the Committee on Invalid Pensions.

By Mr. GITTINS: A bill (H. R. 19317) granting an increase of pension to Jacob Schopp; to the Committee on Invalid Pensions.

By Mr. GOEKE: A bill (H. R. 19318) granting an increase of pension to Franklin Reck; to the Committee on Invalid Pensions.

By Mr. HELVERING: A bill (H. R. 19319) granting a pension to Margaret Collins; to the Committee on Invalid Pensions.

Also, a bill (H. R. 19320) granting an increase of pension to Charles A. Lauman; to the Committee on Invalid Pensions.

Also, a bill (H. R. 19321) granting an increase of pension to William B. Rutledge; to the Committee on Invalid Pensions.

By Mr. KENNEDY of Connecticut: A bill (H. R. 19322) granting an increase of pension to Caroline M. Osborn; to the Committee on Invalid Pensions.

By Mr. PLATT: A bill (H. R. 19323) granting an increase of pension to Carthene Rosencrantz; to the Committee on Invalid Pensions.

By Mr. RUCKER: A bill (H. R. 19324) granting a pension to Elizabeth Moore; to the Committee on Invalid Pensions.

By Mr. SMITH of Maryland: A bill (H. R. 19325) for the relief of Joseph A. Jennings; to the Committee on Claims.

By Mr. TEN EYCK: A bill (H. R. 19326) granting a pension to Peter S. Jones; to the Committee on Pensions.

Also, a bill (H. R. 19327) granting a pension to William H. Smith; to the Committee on Invalid Pensions.

By Mr. LOBECK: A bill (H. R. 19328) granting an increase of pension to Edward G. Humphrey; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

By the SPEAKER (by request): Memorial of the Ladies of the Grand Army of the Republic, protesting against any change in the design of the American flag; to the Committee on the Judiciary.

Also, petition of the Business Men's League of St. Louis, Mo., favoring increased use of cotton by the United States Government in place of jute; to the Committee on the Post Office and Post Roads.

By Mr. BAILEY: Petitions of W. L. Piper, of Lilly; R. D. Mainwaring and S. W. Clark, of Cresson, all in the State of Pennsylvania, protesting against war tax on automobiles; to the Committee on Ways and Means.

Also, petition of Cyrus W. Davis, of Conemaugh, Pa., protesting against war tax on drugs; to the Committee on Ways and Means.

Also, petition of P. Ballantine & Sons, of Newark, N. J., protesting against war tax on beer; to the Committee on Ways and Means.

By Mr. BRODBECK: Petition of 190 people of Dalton, Pa., favoring national prohibition; to the Committee on Rules.

By Mr. BRUCKNER: Petitions of L. Heartstone and others, retail druggists, of New York City, protesting against war tax on drugs; to the Committee on Ways and Means.

By Mr. BULKLEY: Petition of Bishop Leonard, of Ohio, favoring Federal censorship of motion pictures; to the Committee on Education.

By Mr. CARY: Petition of A. Spiegel, of Milwaukee, Wis., protesting against war tax on medicine; to the Committee on Ways and Means.

Also, petition of P. Ballantine & Sons, of Newark, N. J., protesting against war tax on beer; to the Committee on Ways and Means.

By Mr. DIXON: Petitions of 2,954 employees of the following manufacturing concerns: Nordyke & Marmon Co., 536; Stutz Motor Car Co., 136; National Motor Vehicle Co., 230; Lyons-Atlas Co., 386; Muncie Gear Works, 79; Wheeler & Schebler, 282; Davis Motor Car Co., 38; T. W. Warner Co., 87; Service Motor Truck Co., 57; B. T. K. Gear & Engine Co., 11; Waverly Co., 114; Premier Motor Manufacturing Co., 172; Federal Motor Truck Co., 30; Interstate Auto Co., 101; Motor Car Manufacturing Co., 117; Wayne Works, 295; Warner Gear Co., 283, all of Indiana, against tax on automobiles; to the Committee on Ways and Means.

By Mr. FALCONER (by request): Petition of sundry citizens of the United States, relative to credit to Dr. Cook for his polar efforts; to the Committee on Naval Affairs.

By Mr. FERGUSON: Resolutions of the Socialist Party of Union County, N. Mex., relative to the European war; to the Committee on Foreign Affairs.

By Mr. IGOE: Petition of James J. Gruender and others, of St. Louis, Mo., favoring Hamill civil-service retirement bill; to the Committee on Reform in the Civil Service.

By Mr. LONERGAN: Petition of the Journeymen Barbers' International Union of America, giving barbers of the District of Columbia favorable consideration in support of House bill 7826; to the Committee on the District of Columbia.

By Mr. LOBECK: Petition of the International Alliance of Theatrical Stage Employees, against tax on theaters; to the Committee on Ways and Means.

By Mr. MERRITT: Telegram from H. Planten & Sons, of Brooklyn, N. Y., protesting against proposed tax on proprietary medicines; to the Committee on Ways and Means.

By Mr. METZ: Petitions of sundry druggists of New York City and Brooklyn, N. Y., protesting against war tax on proprietary medicines; to the Committee on Ways and Means.

By Mr. PLATT: Papers to accompany bill for increase of pension to Carthene Rosencrantz; to the Committee on Invalid Pensions.

By Mr. REED: Protests from A. J. Precourt, of Manchester; M. J. Lowe, of Lancaster; E. W. Emerson, of Milton Mills; Herbert E. Rice, president Nashua Drug Association, of Nashua; George E. Varney, of Dover; R. E. Dodge & Co., by R. E. Dodge, of Claremont; and Cassidy's Pharmacy, of Rochester, all in the State of New Hampshire, against the imposing of a tax on drugs; to the Committee on Ways and Means.

By Mr. RUCKER: Petitions of 123 citizens of the United States, mostly of Hunterville, Mo., favoring House joint resolution 282, relative to due credit for Dr. Cook in his polar effort; to the Committee on Naval Affairs.

By Mr. WEAVER: Petitions of J. E. West, J. C. Thornton, and other citizens of Hendrick, Jackson County, Okla., favoring Federal legislation to relieve the South by reason of no market for cotton; to the Committee on Banking and Currency.

SENATE.

SATURDAY, October 17, 1914.

(Legislative day of Thursday, October 8, 1914.)

The Senate reassembled at 11 o'clock a. m., on the expiration of the recess.

EMERGENCY REVENUE LEGISLATION.

The VICE PRESIDENT. The Senate resumes the consideration of House bill 18891.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 18891) to increase the internal revenue, and for other purposes.

The VICE PRESIDENT. The pending amendment is the amendment of the Senator from Mississippi [Mr. WILLIAMS] to the amendment of the Senator from Georgia [Mr. SMITH].

Mr. SHEPPARD. I have two telegrams that I have received on the cotton proposition, and I ask that they be read.

The VICE PRESIDENT. The Secretary will read.